

Dee May
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August 13, 2004

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

RE: Section 251 Unbundling Obligations for Incumbent Local Exchange Carriers, CC Docket No. 01-338; Implementation of Local Competition Provision of the Telecommunications Act of 1996, CC Docket No. 96-98; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147 – REDACTED VERSION

Dear Ms. Dortch:

Yesterday, Verizon met with Chairman Powell and Senior Legal Advisor, Christopher Libertelli regarding the above proceeding. Representing Verizon were Ms. Virginia Ruesterholz, Mr. Mike Glover and I. The attached were reviewed at that meeting.

Please let me know if you have any additional questions.

Sincerely,

A handwritten signature in cursive script that reads "Dee May".

Attachments

cc: M. Carey
J. Carlisle
C. Libertelli
T. Navin

REDACTED FOR PUBLIC INSPECTION

ATTACHMENT 1

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Accountants	104	Automotive - Auction	5
Advertising & Marketing	952	Automotive - Parts, Supplies, Service	1019
Aerospace Manufacturer	6	Automotive - Truck Sales, Service	43
Aerospace Research & Development	58	Aviation	66
Aerospace Technology	9	Aviation Services	113
Agricultural Products	8	Bail Bonds	3
Air Cargo & Package Express Services	7	Bank Equipment & Supplies	12
Air Conditioning Contractors	10	Bar Code Scanning Equipment & Supplies	2
Aircraft Flight Training Equipment	11	Barrels & Drums	7
Aircraft Manufacturers	56	Bearings Wholesale & Manufacturers	3
Aircraft Parts & Equipment	11	Beauty Salon Equipment & Supplies Retail	5
Airports	159	Beverages Wholesale & Manufacturers	4
Alarm Systems & Security Services	404	Biomedical Research	1
Alcohol & Drug Abuse Rehabilitation Services	18	Biotechnology	117
Ambulance Services	6	Boat Manufacturers	4
Antique Dealers	2	Book & Music Stores	180
Antique Reproductions Retailers	7	Books & Music Retailers	392
Apartment Complexes	3	Builders & Contractors	233
Appliance Service & Repair	1	Builders & Contractors - Commercial & Industrial	171
Appraisal Service	4	Builders & Contractors - Home Construction	65
Arcades & Amusements	32	Building Inspection & Pest Control Services	56
Architectural Services	32	Building Materials & Supplies Dealers	113
Armed Forces	782	Building Materials & Supplies Dealers - Fiberglass	8
Armed Forces - Air Force	2	Building Remodeling & Repair Contractors	9
Armed Forces - Air Force Base	263	Business & Professional Services	1230
Armed Forces - Army	194	Business Consultants & Advisors	2
Armed Forces - Coast Guard	3	Business Services - Distribution	245
Armed Forces - National Guard	4	Cable Manufacturers	3
Armed Forces - Navy	26	Call Centers & Answering Services	51
Art Collection	3	Cameras & Camera Supplies	13
Art Supplies Retailers	4	Camping & Backpacking Equipment & Supplies Dealers	1
Arts & Entertainment	130	Canners & Food Processors	10
Arts & Entertainment - Cinemas & Theatres	59	Cargo Container Manufacturers	12
Arts & Entertainment - Music	40	Catalog Shopping	6
Associations and Interest Groups	725	Catering	4
Auctioneers	23	CDs Tapes & Records Retail	2
Audiovisual Equipment Manufacturers	9	Cell Phone Equipment & Supplies	51
Audiovisual/Computer Rental & Leasing	6	Cement & Sand & Gravel Manufacturers	22
Autioneers	3	Certified & Registered Massage Therapists	2
Auto Clubs	2	Charitable & Nonprofit Organizations	1
Auto Dealers	1796	Chauffeured Services	18
Auto Manufacturers	131	Chemical Manufacturers	362
Auto Rentals	844	Chemicals Manufacturers	133
Automated Teller Machines	2		
Automation Consultants	2		
Automation Equipment & Systems Dealers	15		

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Child Care	29	Concrete Contractors	4
Chimney Cleaning Services	3	Conference Call Services	14
Churches & Religious Organizations	329	Conference Facilities & Convention Centers	11
Civil Engineering Firm	8	Construction & Contractors - Doors & Windows	6
Civil Engineers	24	Construction & Contractors - Floors & Flooring	33
Cleaning Services	9	Construction & Contractors - General Contractors	46
Clinical Services - Social & Human Services	12	Construction & Contractors - Roofing	3
Clothing & Accessories (Designer) Retailers	28	Construction Engineers	5
Clothing & Accessories Manufacturers	182	Construction Equipment & Supplies	15
Clothing & Accessories Retailers	736	Construction Equipment & Vehicle Rental	3
Cocoa Processors	1	Construction Management Services	114
Cold Storage Warehouses	4	Consulting Services - General	1195
Collection Services	8	Consumer Goods Manufacturers	776
Communications - Video Conferencing	21	Consumer Goods Retailers	136
Commodity & Merchandise Warehouses	31	Consumer Groups	5
Common & Face Brick Dealers	2	Contractors' Equipment & Supplies Dealers	20
Communications	1469	Convenience Stores	83
Communications - Broadcasting	201	Conveyor Belting & Belting Supplies Dealers	3
Communications - Cable	280	Copying, Printing & Graphics Services	610
Communications - Cable & Satellite	96	Corporate Housing	6
Communications - Cellular	105	Corrugated & Fiber Boxes Retail	51
Communications - Internet Hosting	34	Cosmetics	116
Communications - ISP	18	Cosmetics Retailers	31
Communications - Major Media	53	Courier Services	12
Communications - Radio	70	Crafts Stores	23
Communications - Satellite & Cable	3	Credit & Debt Counseling Services	25
Communications - Telecom	5538	Credit Collection & Reporting Agency	109
Communications - Television	163	Cryogenics Equipment & Supplies	2
Communications - Verizon	1815	Currency Exchange Services	5
Communications - Wireless	2307	Customs Brokers & Consultants	31
Communications & Public Relations	9	Data Communications Equipment & Systems	13
Communications & Public Relations Consultants	11	Dating & Introduction Services	1
Communications Equipment & Supplies	3	Defense Contractors	591
Computer & Equipment Dealers	18	Department Store	47
Computer Networking Installation	4	Department Stores	1800
Computer Peripherals - Printers, Laser Printers	9	Design and Engineering	48
Computer Supplies Parts & Accessories	13	Discount Variety Stores	90
Computer Systems Consultants & Designers	272	Document Management Services	138
Computer Testing Services	13	Dog & Horse Racing	16
Computers	891	Door & Window Dealers	8
Computers - Equipment & Supplies	70	Drug Stores & Pharmacies	887
Computers - Equipment Repair & Maintenance	156	Dry Cleaners	22
Computers & Equipment Repair	9	Education - Admin, Boards, Associations	123
Computing Solutions	4	Education - Colleges & Universities	1958
Concrete & Concrete Products Dealers	16	Education - Commercial Services	178

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Education - K-12 Schools	686	Financial - Loan Service	73
Education - Professional Training/Devel	325	Financial - Loan Services	307
Electric Contractors	34	Financial - Mortgage Companies	1846
Electric Equipment & Supplies Dealers	71	Financial - Mutual Services	109
Electric Motor Dealers	30	Financial - Research Services	10
Electrolysis Treatments, Lasers	2	Finger Printing Services & Equipment	11
Electronic Equipment	5	Fire Alarms, Extinguishers & Sprinklers	28
Electronic Equipment & Supplies Retail	20	Fire Departments	8
Electronic Instruments Retail	112	Fire Fighters Associations	3
Electronic Research Design & Development	2	Fireproofing & Firestopping Materials & Supplies	2
Electronic Testing Equipment Dealers	27	Fish & Wildlife	3
Electronics & Appliance Manufacturers	43	Flavoring Extracts	14
Electronics & Appliance Parts & Supplies	41	Florists	46
Electronics & Appliances Manufacturers	203	Flour Mill	1
Electronics and Appliance Retailers	773	Food & Beverage Producers and Distributors	1515
Electronics Manufacturers	906	Food & Beverage Providers and Distributors	44
Electronics Wholesale Distributor	35	Food & Beverage Retailers	75
Elevator Equipment & Services	63	Food Preservation Equipment & Supplies	12
Employment Agencies	803	Food Processing Equipment & Supplies	11
Employment Agencies - Temp Staffing	113	Footwear Stores	20
Engineers	5	Forklift & Industrial Truck Dealers	4
Entertainment	154	Fragrance & Cosmetics Stores	3
Entertainment - Movie Studio	28	Funeral/Memorial Services	49
Envelopes Manufacturers & Wholesalers	6	Furniture	47
Environmental & Ecological Consultants	66	Furniture Stores	195
Environmental Association	22	Garage Doors & Openers	9
Environmental Engineers	26	Gas Stations	14
Environmental Services	26	General Merchandise Wholesale	36
Equipment Manufacturers	2	Genetic Research	1
Executive Suites	68	Genetics Research	16
Fabrics Stores	14	Geographic Information Services	13
Family & General Practice Physicians & Surgeons	11	Gift/Houseware Retailers	213
Fast Food Stores	15	Glass Wholesale & Manufacturers	22
Fasteners Wholesale & Manufacturers	8	Global Marketing, Communications, & Entertainment	12
Feed Fertilizer & Power Equipment	1	Global Positioning System	5
Fiber Optic Equipment Systems & Supplies	6	Government	24
Fiberglass & Materials	5	Government - Accounting	5
Financial - Advisor Services	34	Government - Civil Defense - Power Authority	35
Financial - Advisory Services	930	Government - Correctional Facility	90
Financial - Banks	12125	Government - Courthouse	56
Financial - Credit Card Companies	307	Government - Courts	115
Financial - Credit Unions	462	Government - Customs	3
Financial - Electronic Payment Svcs	145	Government - Embassy/Consulate	89
Financial - General Services	5485	Government - FBI	121
Financial - Investment Services	5906		

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Government - Federal	3585	Gypsum & Gypsum Products	31
Government - Federal - Aviation	103	Hair Dressers	5
Government - Federal - Communications	48	Hair Restoration	2
Government - Federal - Courts	13	Hardware Stores	31
Government - Federal - Defense	564	Health & Beauty Products Manufacturers	53
Government - Federal - Defense - Imagery & Mapping	1	Health & Diet Foods Stores	44
Government - Federal - Food & Drug Admin	3	Health & Human Services - Leukemia	3
Government - Federal - Geological Surveys	8	Health Agencies	2
Government - Federal - Health & Human Services	127	Health Clubs & Gyms	11
Government - Federal - House of Representatives	28	Health Maintenance Organizations	57
Government - Federal - Housing & Urban Development	3	Healthcare	1355
Government - Federal - Info Systems	35	Healthcare - Clinics & Medical Centers	457
Government - Federal - Labor Relations	3	Healthcare - Dental	133
Government - Federal - Postal Services	13	Healthcare - General	3466
Government - Federal - Senate	16	Healthcare - Home (Nursing, Convalescent, Rehab)	40
Government - Federal - Treasury	36	Healthcare - Homes (Nursing, Convalescent, Rehab)	473
Government - Foreign	13	Healthcare - Hospitals	1500
Government - Foreign - Consulate	2	Healthcare - Physicians & Surgeons	6
Government - Foreign - Embassy	13	Healthcare - Radiology	56
Government - General Services Administration	93	Healthcare - Research, Labs	356
Government - Immigration & Customs	9	Healthcare - Vision	85
Government - Local	464	Heating & Refrigeration Equipment Manufacturers	109
Government - Local - Law Enforcement	42	Heating & Ventilating Contractors	24
Government - Local - Taxes & Finance	16	Heavy Equipment Manufacturers	18
Government - Local - Transportation	138	Home Décor Retailers	161
Government - National Parks & Conservation Land	7	Home Improvement Retailers	209
Government - Naval Shipyard	6	Home Improvement Services	1
Government - Police/Sherriff	23	Home Improvement Stores	537
Government - Printing	16	Home Improvement, Repair, Lawns Services	114
Government - State	706	Home Products - Siding	19
Government - State - Lottery	31	Hospice	12
Government - State - Sentate	48	Hospital Consultants & Management	1
Government - State - State Senate	66	Hospital Equipment & Supplies Retail	87
Government - Telecommunications	12	Hospitality	33
Government - Training	3	Hospitality Services	17
Government - US Congress Representatives	1	Hotel & Motel Equipment & Supplies	4
Government - Weather Service	17	Hotel Reservations Service Provider	7
Government Contractors - Computer Networks	3	Hotel Services	2
Government Contractors - Computer Systems	4	Hotels & Lodging	3857
Government Insurance Carriers	1	Household Linens & Furnishing Retailers	119
Greenhouses and Nurseries	6	Housing Authority	3
Grocery Stores & Supermarkets	2964	Human Resource Business Services	180
		Imaging Equipment Manufacturers	17

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Incinerators Parts & Services	6	Lighting Fixtures Retailers	47
Industrial Equipment & Supplies	33	Linen Supply Services & Uniforms Retail	26
Industrial Equipment & Supplies Dealers	60	Lithographers	68
Industrial Equipment Rental & Leasing	3	Lumber	41
Industrial Parks Management	55	Mail Order & Catalog Sales	4
Industry - Aerospace	81	Malls & Shopping Centers	91
Industry - Metals	47	Management Consulting	478
Industry - Mining/Natural Resources	6	Manufacturers - General	1394
Industry - Paper	255	Manufacturers' Agents & Representatives	28
Industry - Power, Fuel, Water, Energy	1736	Materials & Packaging Manufacturers	341
Industry - Trade Association	146	Mechanical Contracting	13
Information Services	454	Mechanical Contractors & Engineers	1
Information Technology & Automation	4	Mechanical Equipment & Supplies	4
Ink Manufacturers' Materials	8	Media & Communications - Sales Presentations	3
Instruments & Equipment Manufacturers	111	Medical	4
Insurance	7444	Medical - Blood Bank	5
Insurance - Claims Processing Service & Adjusters	2	Medical & Dental X-Ray Laboratories	3
Insurance - Health Care Services	139	Medical Advisors/Consultants	4
Insurance - Life Insurance	17	Medical Analysis	3
Insurance - Title Insurance	98	Medical Answering Services	4
Insurance - Workers' Compensation Services	16	Medical Association	1
Interest Groups and Associations	12	Medical Billing & Collections Services	13
Interior Design	4	Medical Centers - Blood Center	6
Internet Services	1037	Medical Consulting	31
Investigation Services	16	Medical Device Manufacturers	19
IT Consulting & Business Services	1919	Medical Equipment	2
Jewelry Importers	3	Medical Exam Board	1
Jewelry Stores	104	Medical Information Technology	16
Journalism/News Service	145	Medical Laboratory	8
Journalism/News Services	27	Medical Laboratory - Radiology	1
Kitchen & Bath Distributor	27	Medical Products and Services	356
Labor Relations	1	Medical Research	39
Labor Unions	21	Medical Services	81
Laboratories	501	Medical Specialties	46
Laboratory Equipment & Supplies	1	Medical Specialties - Behavioral Health	18
Landscape Designers & Consultants	28	Medical Specialties - Cancer Foundation	1
Landscape Equipment & Supplies Dealers	74	Medical Specialties - Cancer Treatment Centers	2
Landscaping	5	Medical Specialties - Cardiovascular	2
Laundry Service	7	Medical Specialties - Cardiovascular Health	16
Law Firms & Legal Services	1047	Medical Specialties - Cerebral Palsy	15
Lawn & Garden Equipment & Supplies	6	Medical Specialties - Counseling	1
Leather Goods Manufacturers	3	Medical Specialties - Endoscopy	1
Leather Goods Retailers	63	Medical Specialties - Eye Surgery Center	1
Libraries	126	Medical Specialties - Home Care	6
Lighting Fixtures Manufacturers	8	Medical Specialties - MRI	25
		Medical Specialties - Muscular Dystrophy	12

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Medical Specialties - OB-GYN	6	Parking & Traffic Consultants	4
Medical Specialties - Optometry	2	Parks & Recreation	25
Medical Specialties - Orthopedics	38	Party Supplies Stores	29
Medical Specialties - Radiology	14	Payroll & Payment Services	233
Medical Specialties - Ultrasounds	28	Payroll Services	10
Medical Staffing Services	1	Perfumes & Colognes Raw Materials & Supplies	4
Medical Supplies	5	Pest Control Services	63
Medical Transcription	4	Pharmaceuticals	1651
Merchandising	5	Phone Equipment & Systems Dealers	1
Merchandising Services & Systems	9	Photographic Equipment & Supplies	28
Metal Products	53	Photographic Equipment & Supplies Retail	4
Metal Stamping Equipment & Supplies	8	Photography Stores	5
Microfilming & Imaging Service Equipment/Supplies	8	Photography Studios & Picture Libraries	3
Miscellaneous	53403	Physical Therapy	1
Mobile Offices & Commercial Units	5	Physical Therapy Equipment and Supplies	7
Modeling Agency	1	Pipe Fabrication	1
Modular & Mobile Home & Buildings Dealers	3	Plastic Products	92
Money Orders & Transfer Services	5	Plastic Raw Materials	1
Mortgages	205	Plumbing & Heating Supplies	128
Motion Picture Distributors	20	Plumbing Services	3
Moving & Storage	103	Plumbing Supplies	28
Museums	72	Pneumatic Equipment & Suppliers Dealers	10
Music Publishing/Supply	27	Pneumatic Tools & Equipment	6
Musical Instrument - Rental and Sales	34	Polyethylene Materials & Products	23
Newspaper Publishers	381	Postal Services	2
Non-Profit Organizations	334	Product Packaging Labeling & Shipping	34
NULL NAME	61222	Production Studio	17
Office Furniture & Equipment Dealers	44	Property Management	4
Office Machinery & Supplies	2	Public Housing	1
Office Management Services	71	Publishers	779
Office Space and Support Services	94	Radio Phone Equipment & Systems	24
Office Supplies Stores	730	Real Estate - Agencies	1235
Office Supplies Wholesale & Manufacturers	10	Real Estate - Commercial & Industrial	159
Office Supply Stores	27	Real Estate - Commerical & Industrial	21
Online Services	66	Real Estate - Corporate Housing	17
Organ Donation & Tissue Banks	6	Real Estate - Developers & Subdividers	89
Outdoor Advertising & Billboards	2	Recreational Vehicles	6
Outsourcing - Business Management	117	Recruiting Services	1
Packaging	7	Recycling/Conservation Services	24
Packaging & Shipping Services	710	Rentals - Furniture	5
Paint & Paint Products	2	Rentals - General	99
Paint Manufacturers	20	Rentals and Sales - Heavy Equipment	48
Painting & Paint Supplies	7	Research	358
Paper Products	1	Resorts	7
Parking	11	Restaurant Management & Consultants	2

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total	Category and Number of Circuits	Total
Restaurant Services	2	Sports - Clubs/Facilities	24
Restaurants	371	Sports - Equestrian	1
Retail - Pet Supplies	1	Sports - Football	15
Retailers - General	3	Sports - Golf/Country Clubs	43
Retirement Communities & Homes	49	Sports - Hockey	3
Road & Highway Construction Machinery & Equipment	8	Sports - Soccer	3
Robotics	2	Sports - Yacht Clubs	4
Sales Training	2	Sports & Recreation	15
Salons & Spas	7	Sports & Recreation - Off-Track Betting	13
Salvage Services	7	Sports & Recreation - Paint Ball	2
Sand & Gravel Dealers & Recycling Centers	18	Sports & Recreation - Youth & Family Centers	15
Saw Sales Sharpening & Repair	3	Steam Boiler	5
Science	46	Steamship Companies	4
Science - Forensics	2	Steel Manufacturers	77
Science - Health	8	Stock Exchanges	89
Science - Research	35	Swimming Pools Manufacturers & Installation	2
Science & Technology	3	Systems & Integration Engineers	1
Science and Engineering	279	Tax Return Preparation	147
Scientific Instruments & Supplies Dealers	87	Taxi Cab Services	2
Scooters & Powered Chairs	7	Technology - Computer Networks	28
Semiconductors	27	Technology - Data	265
Sewing Machines	1	Technology - Engineering	187
Shipbuilding	13	Technology - General	856
Sign Dealers, Display Designers & Producers	8	Technology - Network	993
Social & Human Services Organization	108	Technology - R&D	142
Social & Human Services Organizations	11	Technology - Software	1112
Social Clubs	2	Technology & Engineering	1142
Social Groups	25	Technology Research and Development	840
Soda Fountain Equipment & Supplies	10	Telecommunications Management	1
Software & CD ROM Sales & Services	6	Telecommunications Wiring & Cabling	13
Sound Equipment & Systems Sales Rental & Leasing	3	Telemarketing	12
Space & Navigation	5	Terminal & Container Services	5
Space Communications	5	Testing Equipment & Supplies Wholesale & Manufacturers	4
Space Exploration & Defense	7	Textile & Fabric Manufacturers	97
Specialty Stores	162	Title Company	38
Spices Wholesale & Manufacturers	1	Title Insurance/Escrow Services	80
Sporting Goods Retailers	189	Tobacco & Tobacco Products	19
Sports	3	Tools	5
Sports - Athletic/Fitness Clubs	229	Tools Wholesale & Manufacturers	2
Sports - Auto Clubs	20	Tourist Attractions	9
Sports - Baseball	5	Toy Manufacturers	40
Sports - Basketball	32	Toy Stores	230
Sports - Beach Club	1	Traffic & Transportation Engineers	9
Sports - Boxing	3	Translators & Interpreters	2
		Transportation	261

Business Types Served by
Sample CLECs Using Verizon Special Access

Category and Number of Circuits	Total
Transportation - Airlines	546
Transportation - Bus	33
Transportation - Rail	248
Transportation - Shipping	79
Transportation - Trucking/Freight	766
Travel Agencies & Tourism	835
Vehicle Licensing Service	2
Veterans	3
Veterinary Services	43
Video Production Services	2
Wallpaper Wholesale & Manufacturers	12
Warehouses	30
Waste Management	156
Water Filtration & Purification Equipment	
Retail	18
Waterworks Equipment & Supplies	3
Wire & Wire Products	2
Wireless Phone Stores	71
Wood Products	21
Wrecking & Demolition Contractors	8
Youth Organizations Centers & Clubs	6
Grand Total	248670

ATTACHMENT 2

A Working Wholesale Market Exists for High Capacity Services



♦ Market Characteristics:

- First segment open to competition (Circa 1980s)
- Demand highly concentrated
 - 80% in less than 8% of wire centers and majority in top 20 MSAs
 - Demand further concentrated in a limited number of buildings
- Development of competition parallels previous LD experience
- Competing carriers response:
 - Targeted facilities to address concentrated demand
 - Extensive use of discounted Special Access to supplement their networks.
- Verizon's high capacity business:
 - Heavily concentrated on providing wholesale service to other carriers (80% of Verizon Special Access revenues from sales to carriers)
 - Vast majority of non-carrier sales to larger enterprise customers

HiCap Facility-Based Competition is Strong



- ♦ Facility “Build vs. Buy” decisions have been occurring and will continue with continued market-based pricing:
 - 20 competing networks deployed in each of top 50 MSAs
 - 180K route-miles of fiber in place
 - ATT = 20K route-miles
 - Time Warner = 19K route-miles; 911K fiber miles
 - Fiber deployed to 65% of buildings with >\$6M in telecom spending
 - 50% of buildings with \$2-4M in telecom spending
 - Thousands of buildings with live, alternate access networks
 - ATT = 6,400
 - Time Warner = 4,576 directly on net; 17,690 total served
 - CaTV providers used for high-capacity services in:
 - 41% of large businesses
 - 32% of medium businesses
 - 44% of small businesses

Special Access Market-Based Pricing

- ♦ **Current pricing is based on market-place competition**
 - Extensive competition for wholesale business
 - Verizon competing for this business
- ♦ **Competitors successfully compete across all market segments using Special Access, not UNEs:**
 - 3 highest-growth CLECs serving medium and small businesses showed significant year-over-year unit growth
 - Top 3 Carriers serve nearly 50% of the Enterprise market
 - 93% of DS1s purchased as special access (not UNEs)
 - 90% when the top 3 carriers are excluded
- ♦ **Wholesale business is growing while retail is not**

Customer Profile: No. 1 Growth CLEC



- ♦ **Recognized as a premier CLEC in the Northeast**
 - Rapid expansion to other US markets
 - Target customers include hospitals, universities, financial institutions, and hospitality industry
- ♦ **Special Access used exclusively for all network requirements**
 - 6,688 DS-1s in 12/02 to 12,313 in 6/04
- ♦ **Collaboratively developed Special Access pricing plan**
 - Provides incremental discounts on top of existing discount plans
 - Additional “Total Billed Revenue” plan
- ♦ **DS-1 unit-price trend**
 - 21% price reduction per circuit over the last 18 months

Negative Impact of Further Price Reductions

- ♦ Moving Special Access rates to existing TELRIC thresholds (i.e., a 35% price drop from \$254 to \$168) will drive negative behavior:
 - Disrupt working wholesale business
 - Less capital deployment by alternative providers

Bottom Line: Reversal of policies that produced a working competitive wholesale market will produce less investment in infrastructure and less facility-based competition

ATTACHMENT 3

**REDACTED FOR PUBLIC
INSPECTION**

ATTACHMENT 4

New York-Newark-Edison, NY-NJ-PA

Connecticut

Pennsylvania

New Jersey

COs Served by Known CLEC Fiber,
Known CLEC Lit Buildings, and CLEC
Customers Served Using Special Access

▲ Customers of 8 Select CLECs
Served Using Verizon Special Access

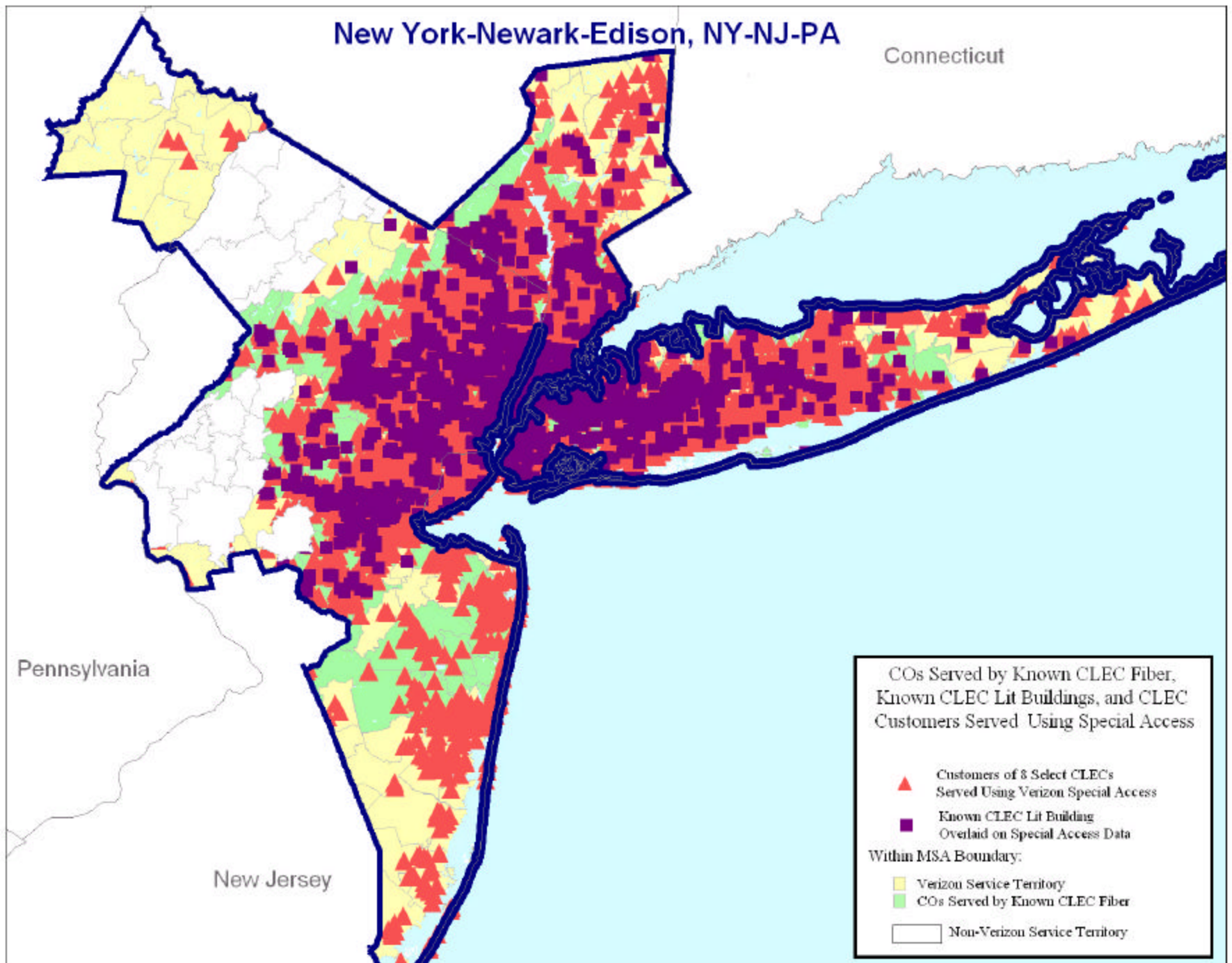
■ Known CLEC Lit Building
Overlaid on Special Access Data

Within MSA Boundary:

■ Verizon Service Territory

■ COs Served by Known CLEC Fiber

□ Non-Verizon Service Territory



New York-Newark-Edison, NY-NJ-PA

Connecticut

New York

Pennsylvania

New Jersey

COs Served by Known CLEC Fiber

Known CLEC Fiber Route

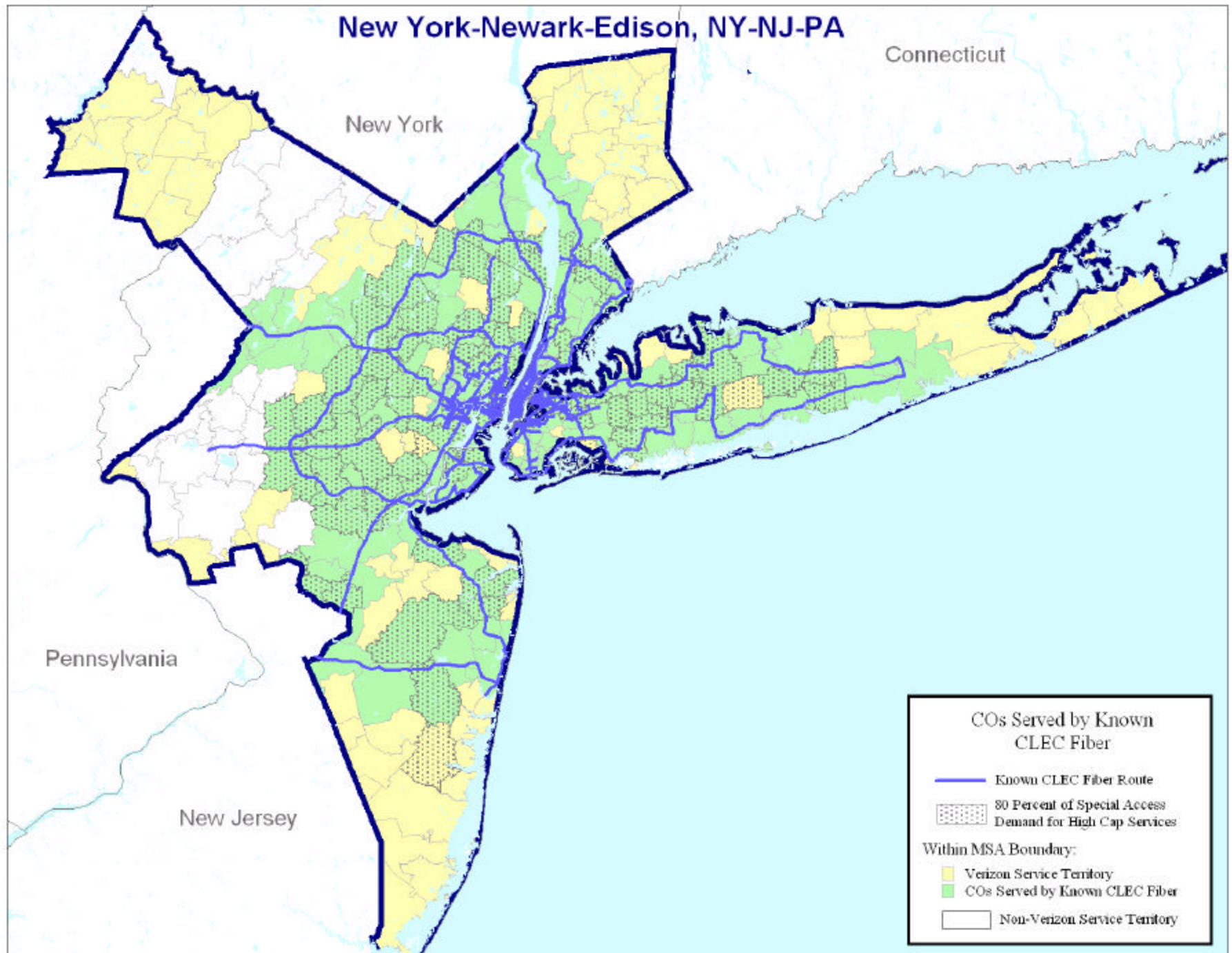
80 Percent of Special Access
Demand for High Cap Services

Within MSA Boundary:

Verizon Service Territory

COs Served by Known CLEC Fiber

Non-Verizon Service Territory



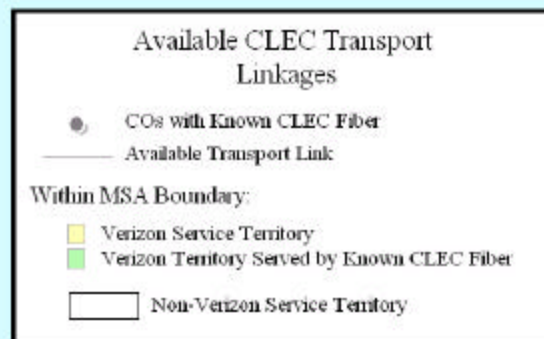
New York-Newark-Edison, NY-NJ-PA

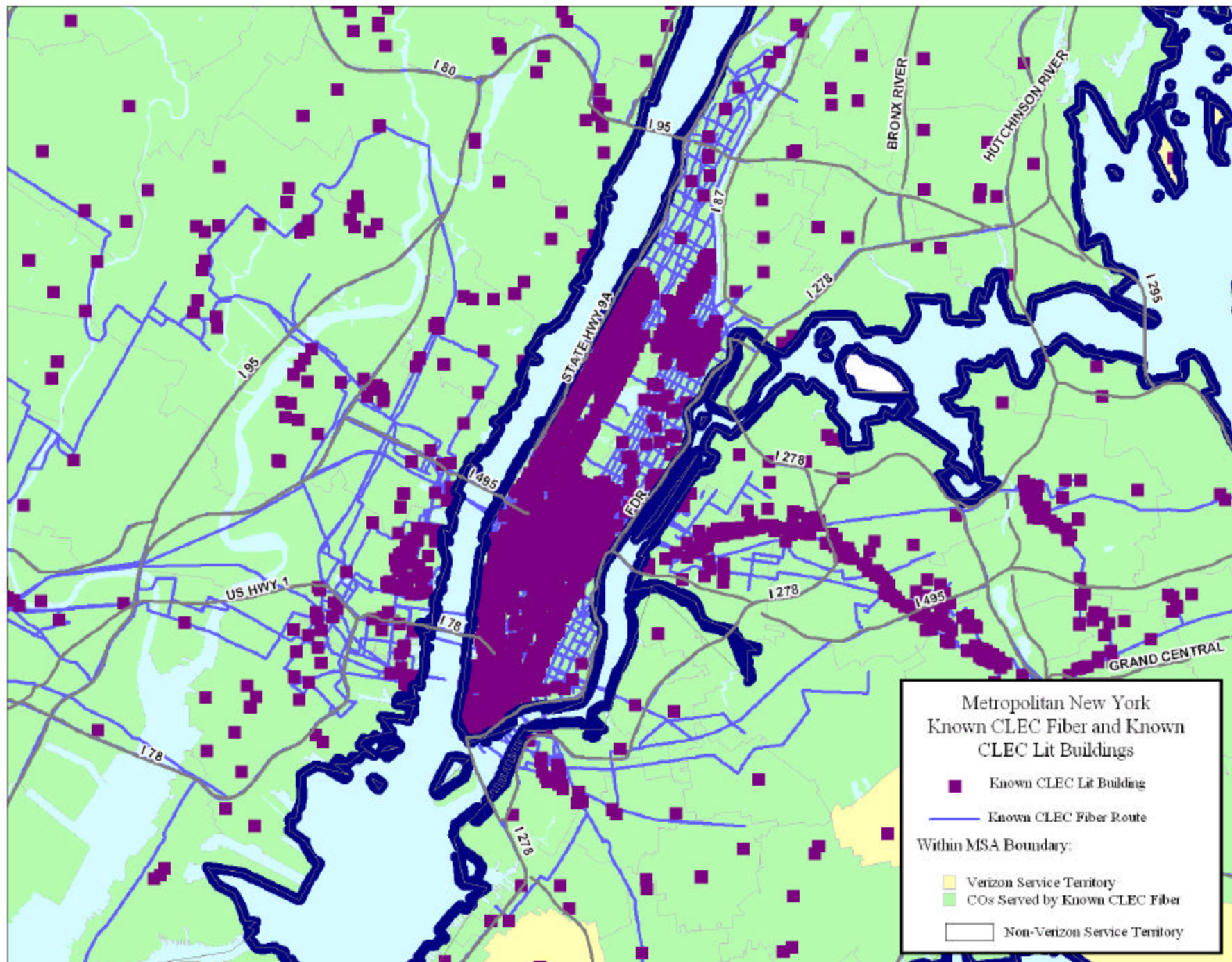
Connecticut

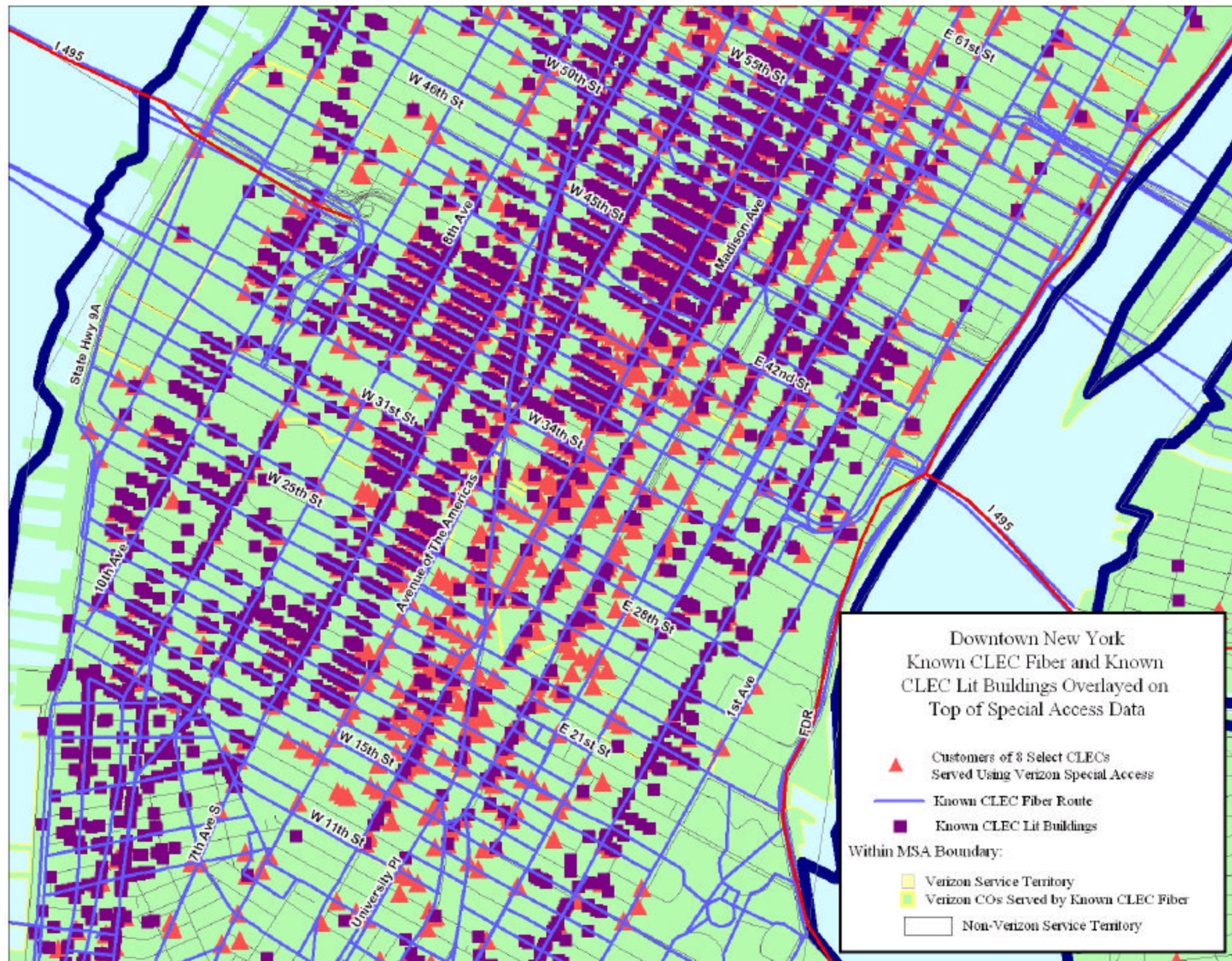
New York

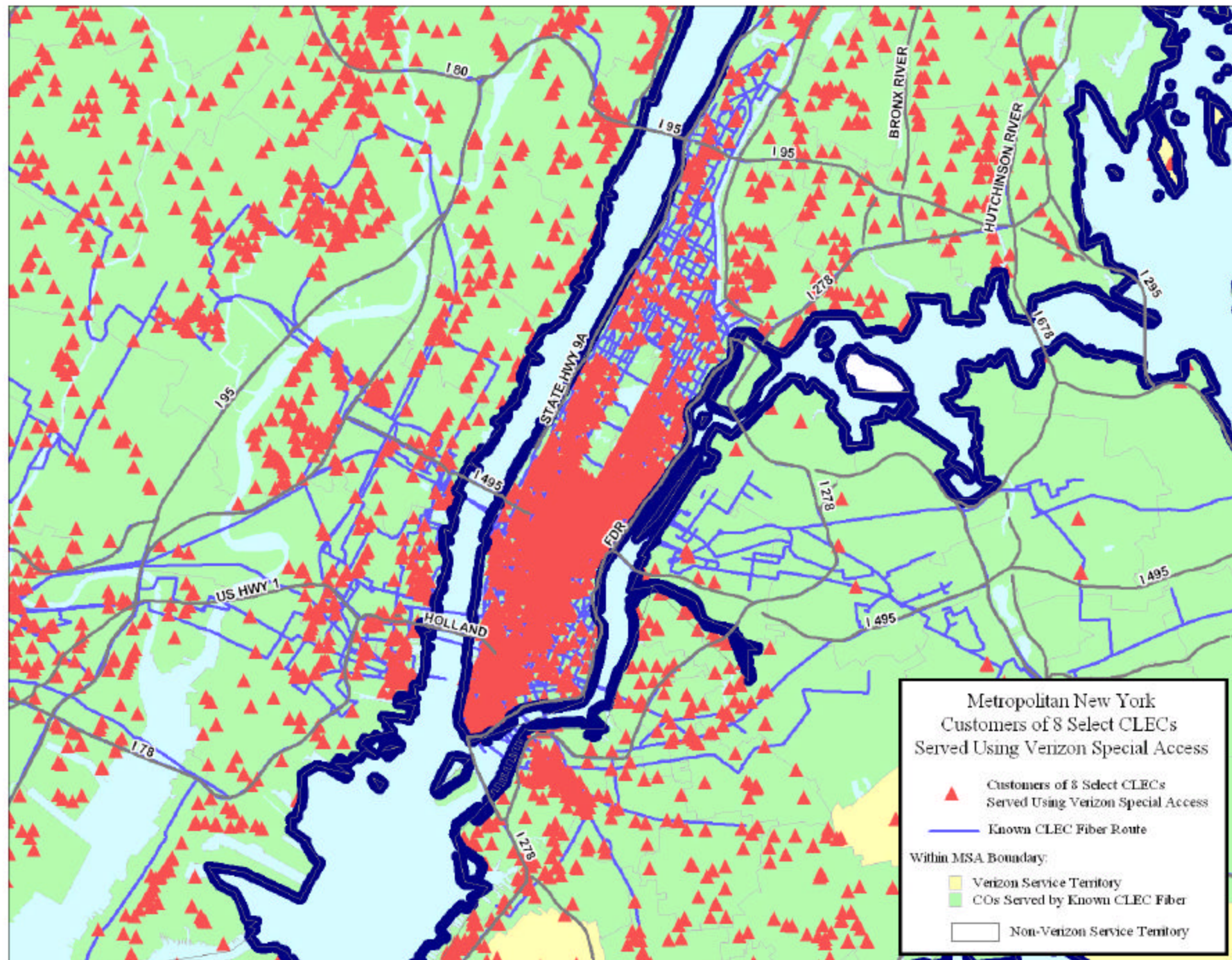
Pennsylvania

New Jersey

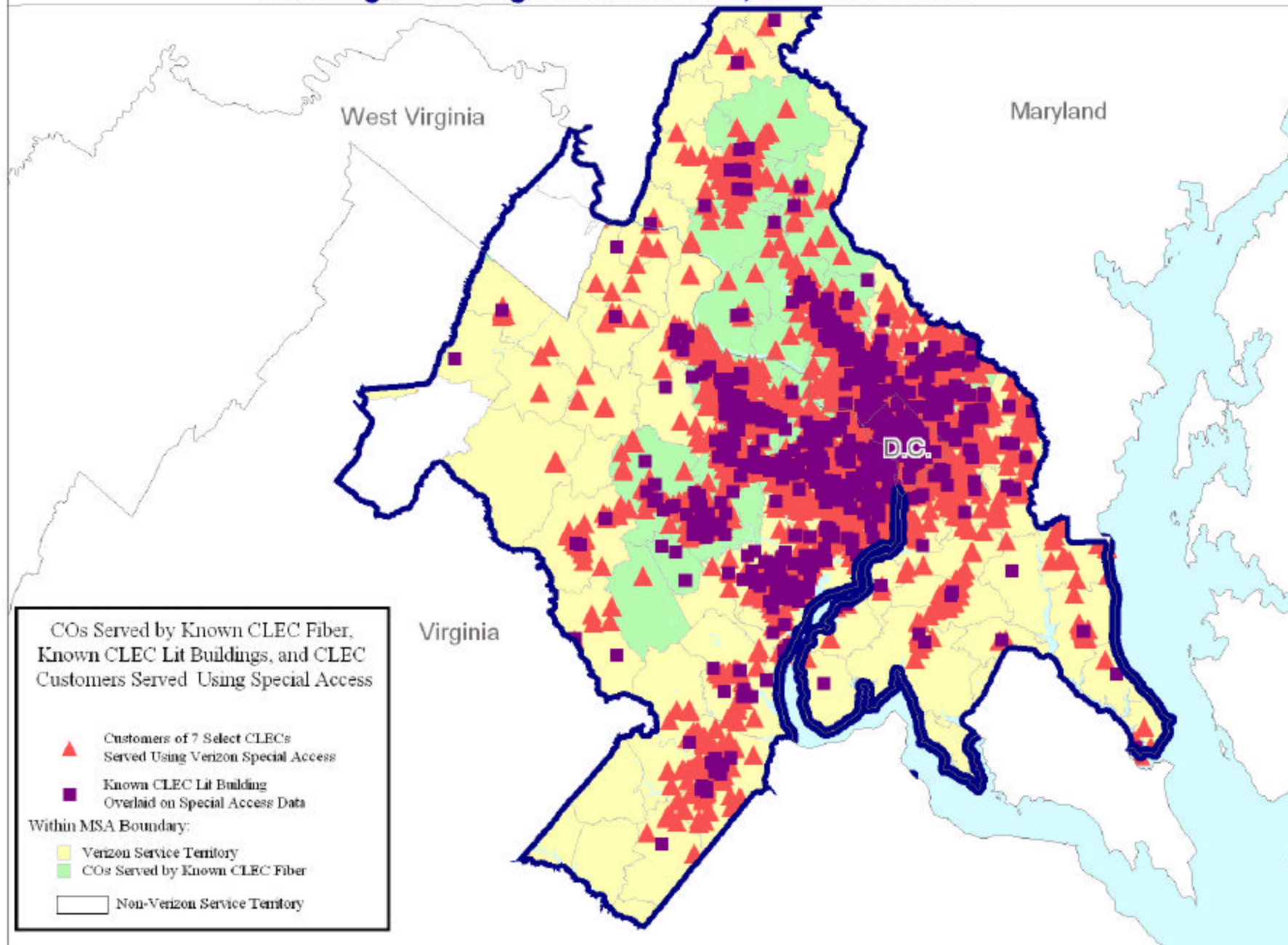




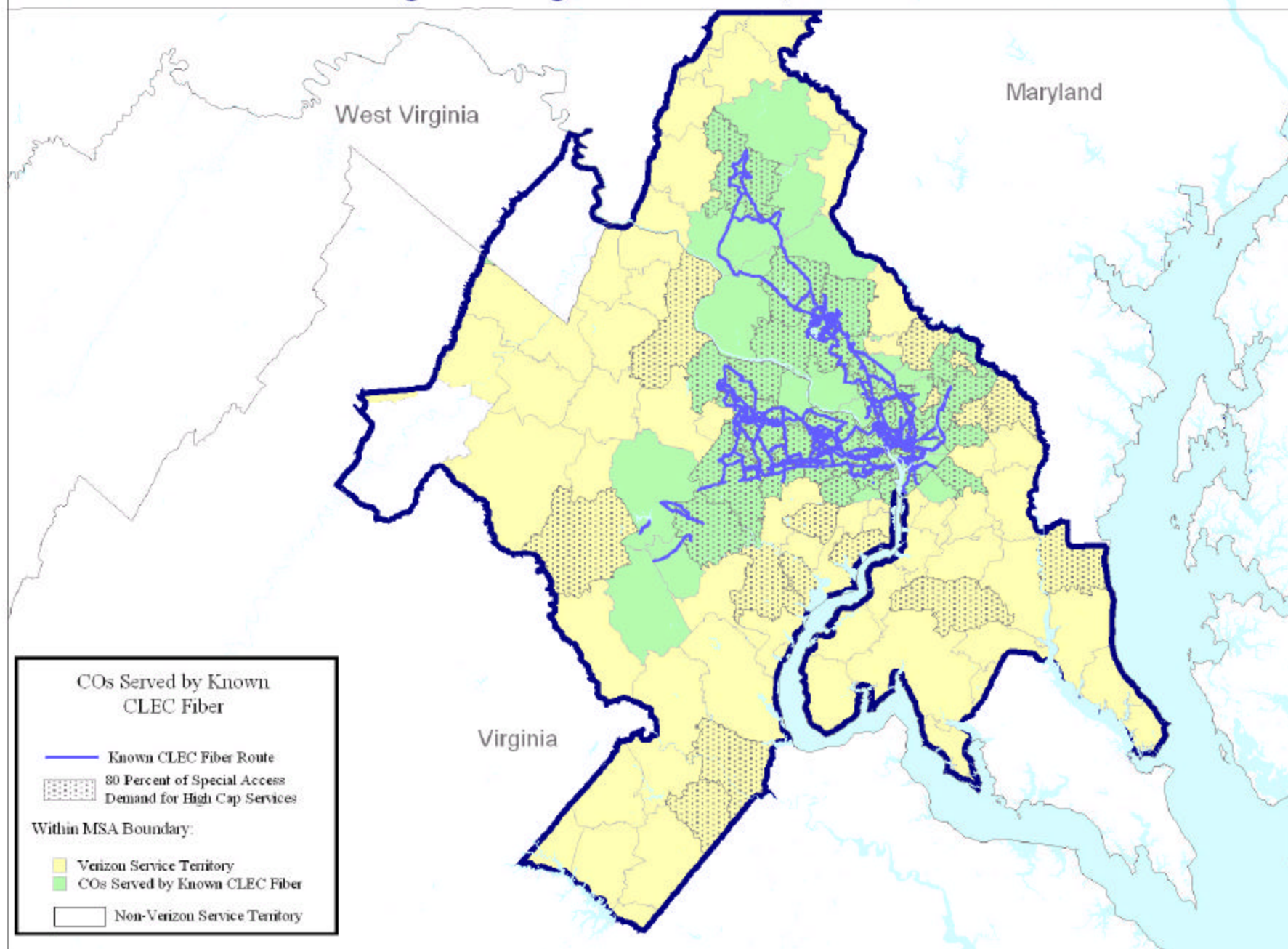




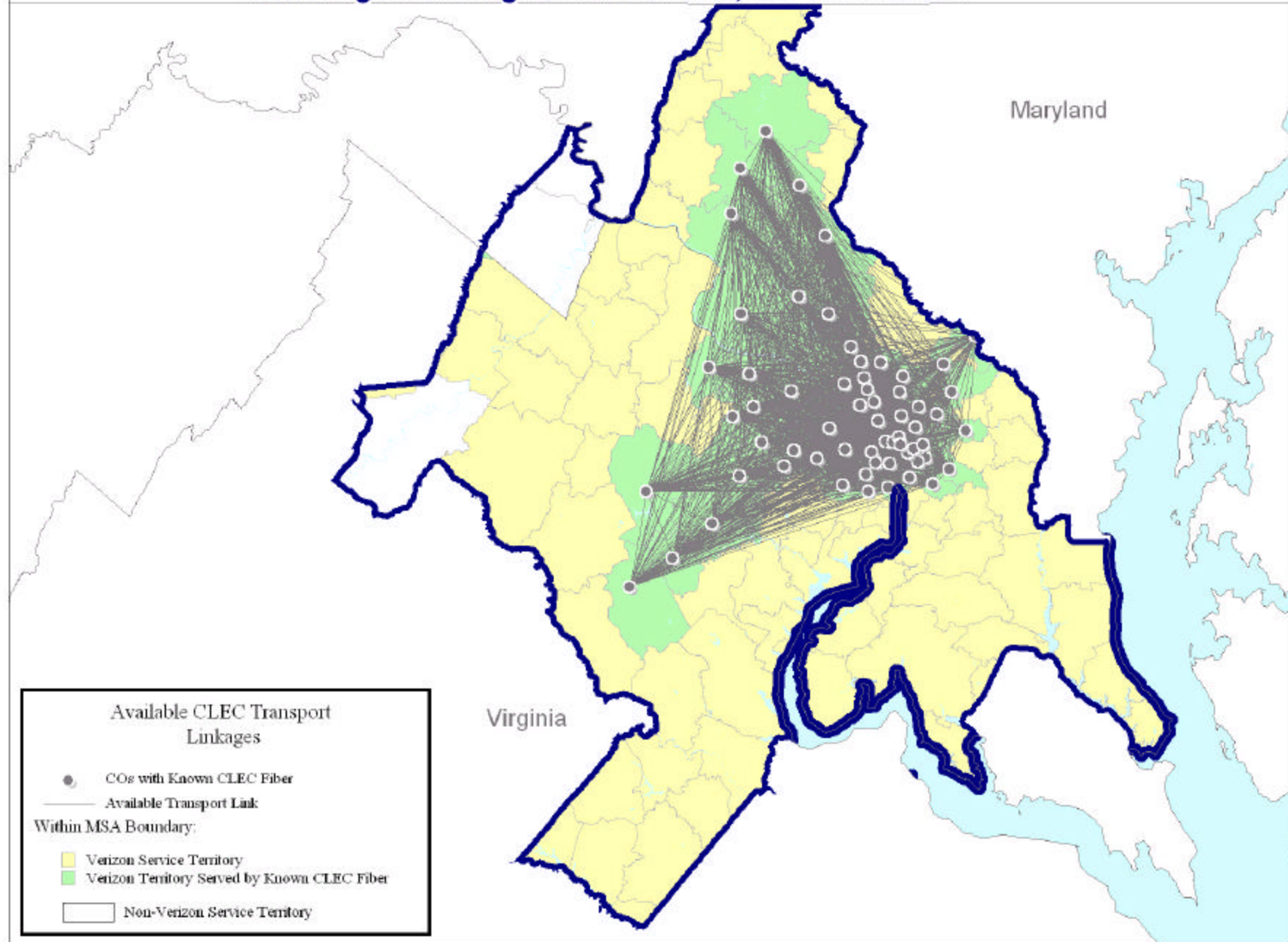
Washington-Arlington-Alexandria, DC-VA-MD-WV

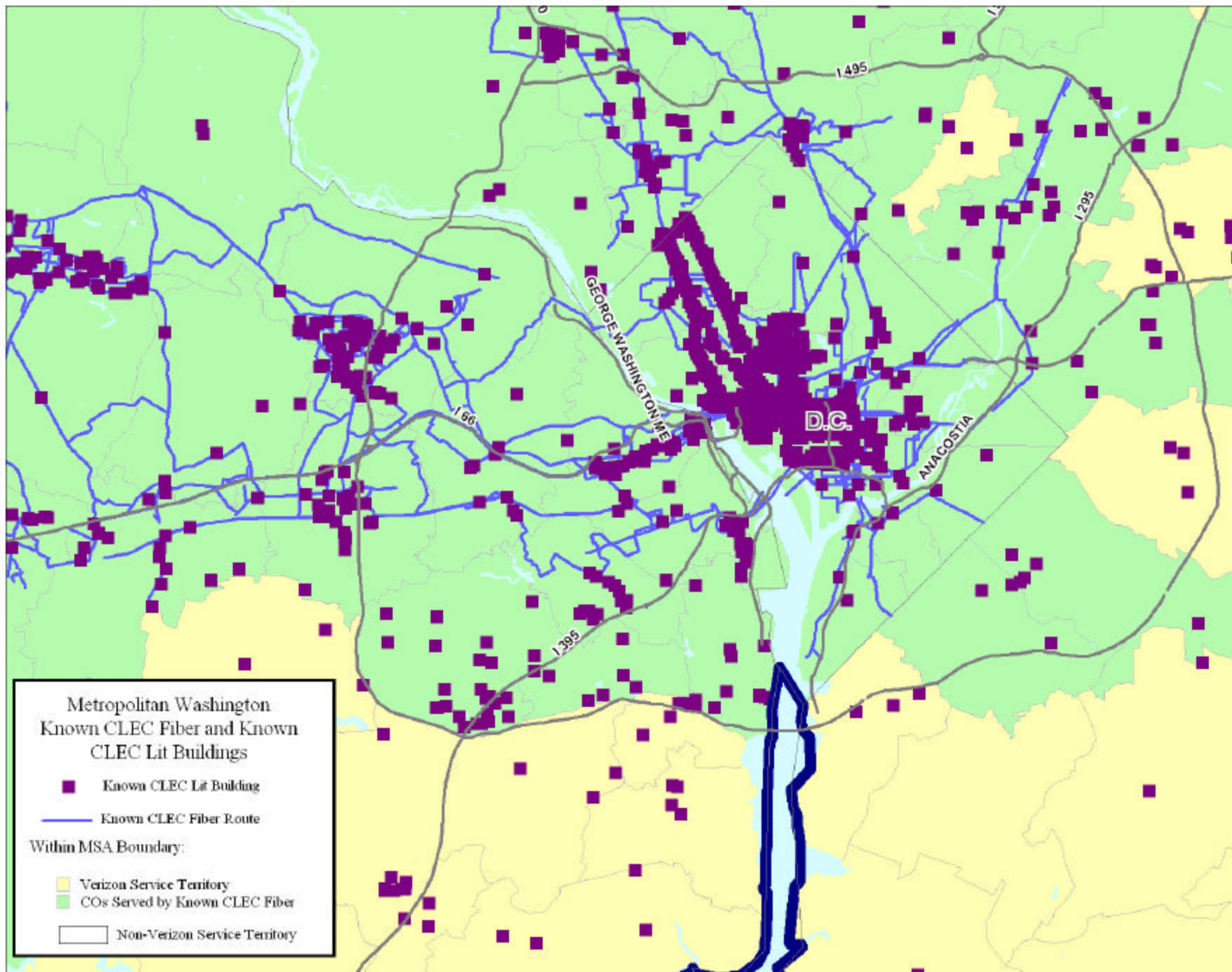


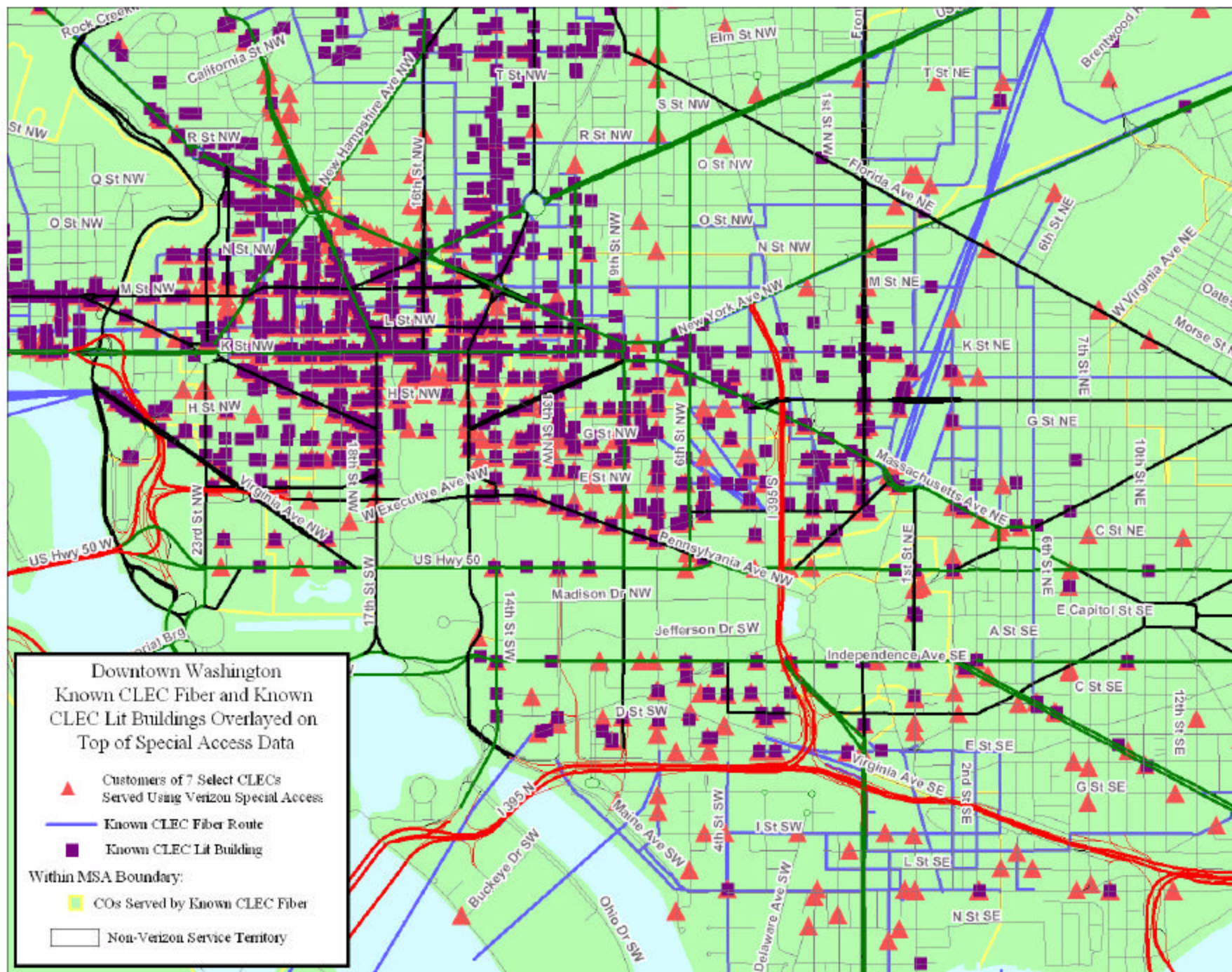
Washington-Arlington-Alexandria, DC-VA-MD-WV

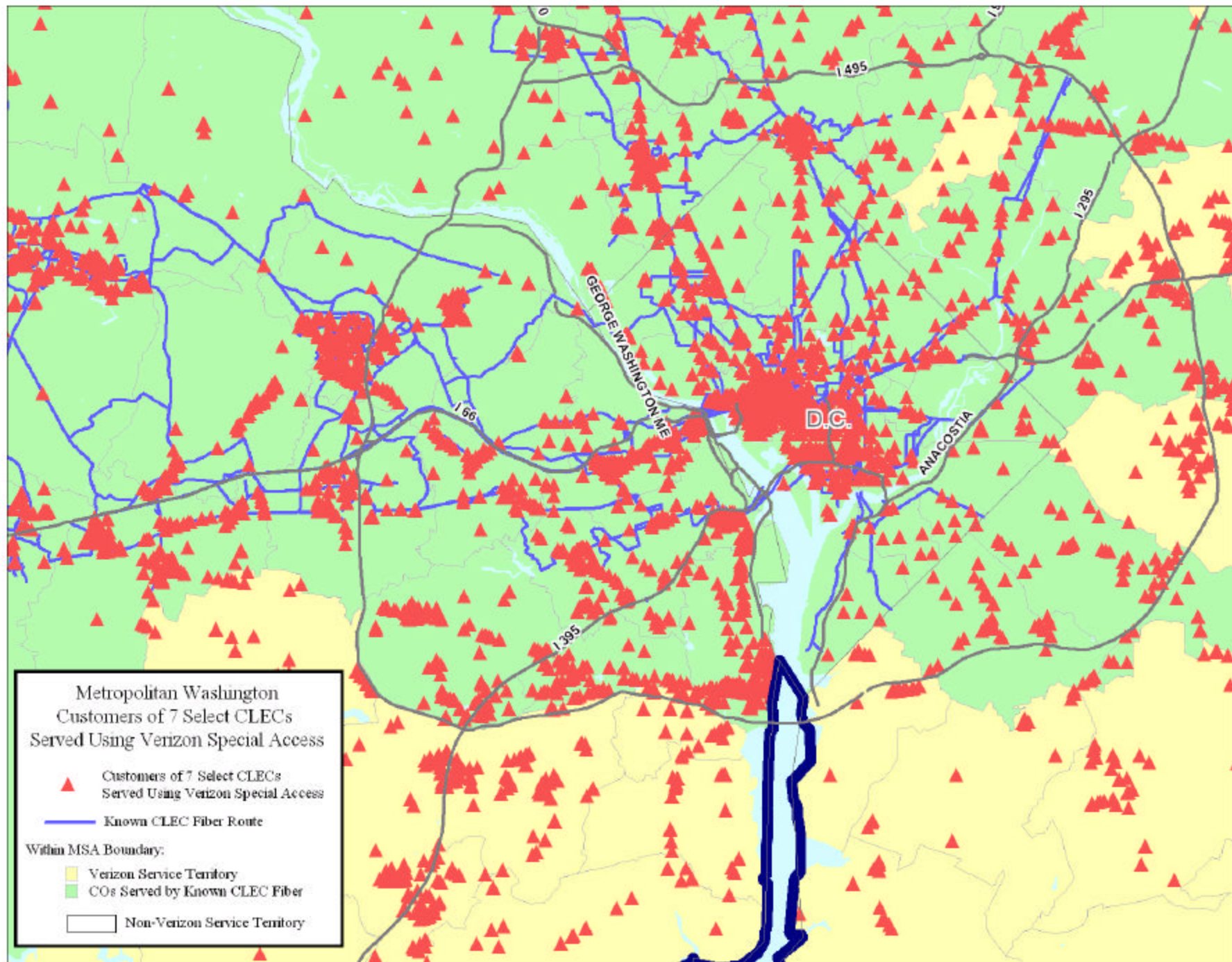


Washington-Arlington-Alexandria, DC-VA-MD-WV

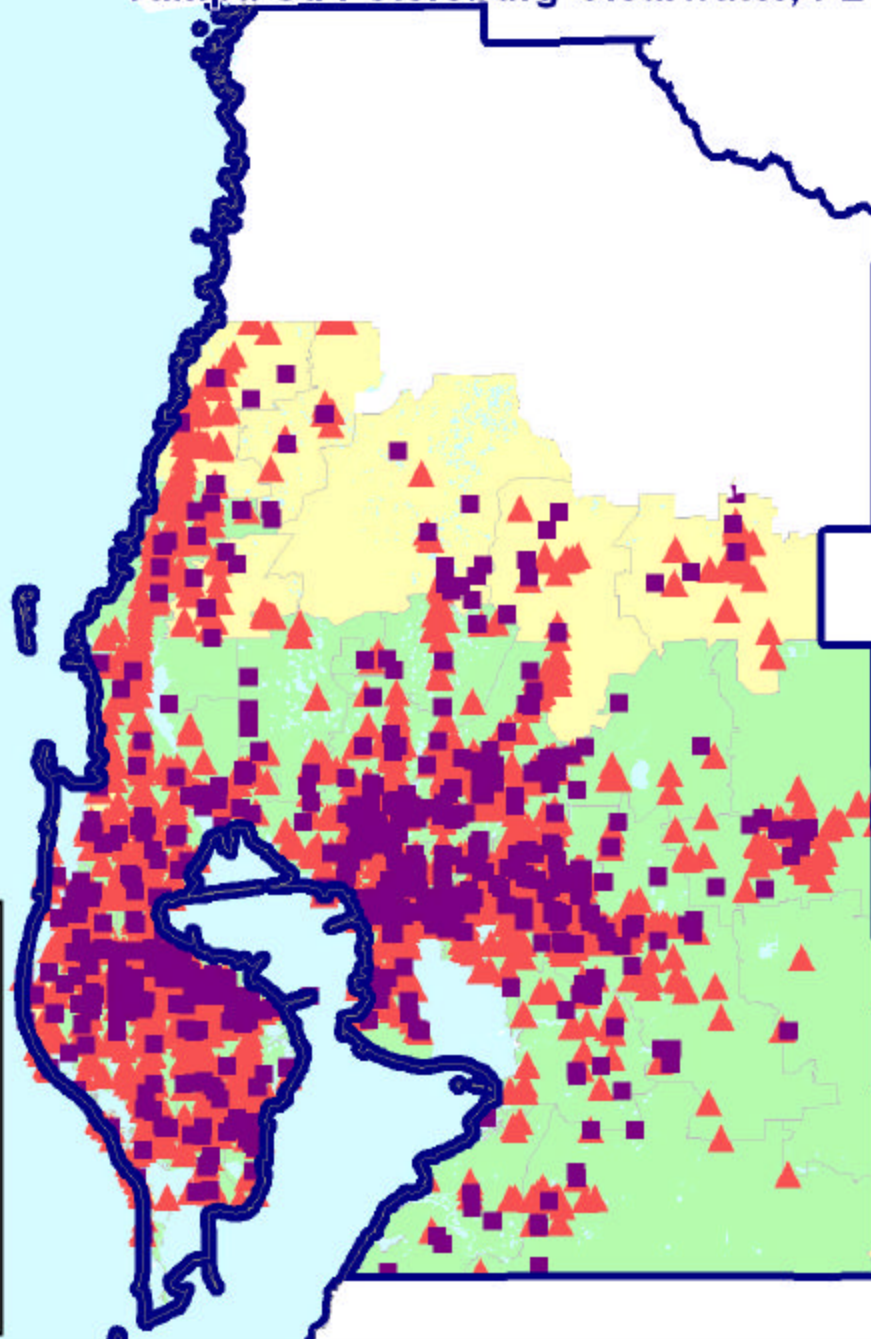








Tampa-St. Petersburg-Clearwater, FL



COs Served by Known CLEC Fiber,
Known CLEC Lit Buildings, and CLEC
Customers Served Using Special Access

▲ Customers of 5 Select CLECs
Served Using Verizon Special Access

■ Known CLEC Lit Building
Overlaid on Special Access Data

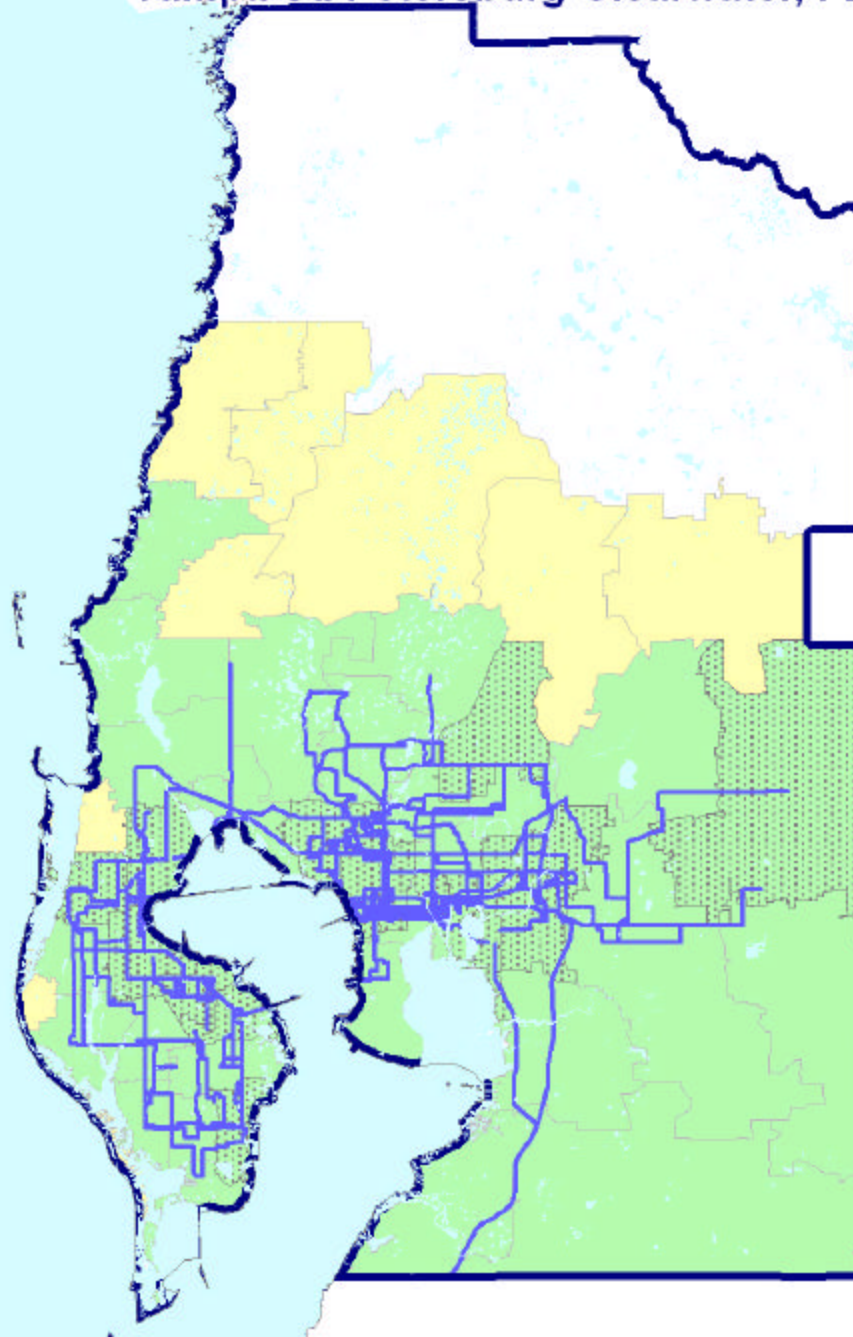
Within MSA Boundary:

■ Verizon Service Territory

■ Verizon COs Served by Known CLEC Fiber

□ Non-Verizon Service Territory

Tampa-St. Petersburg-Clearwater, FL



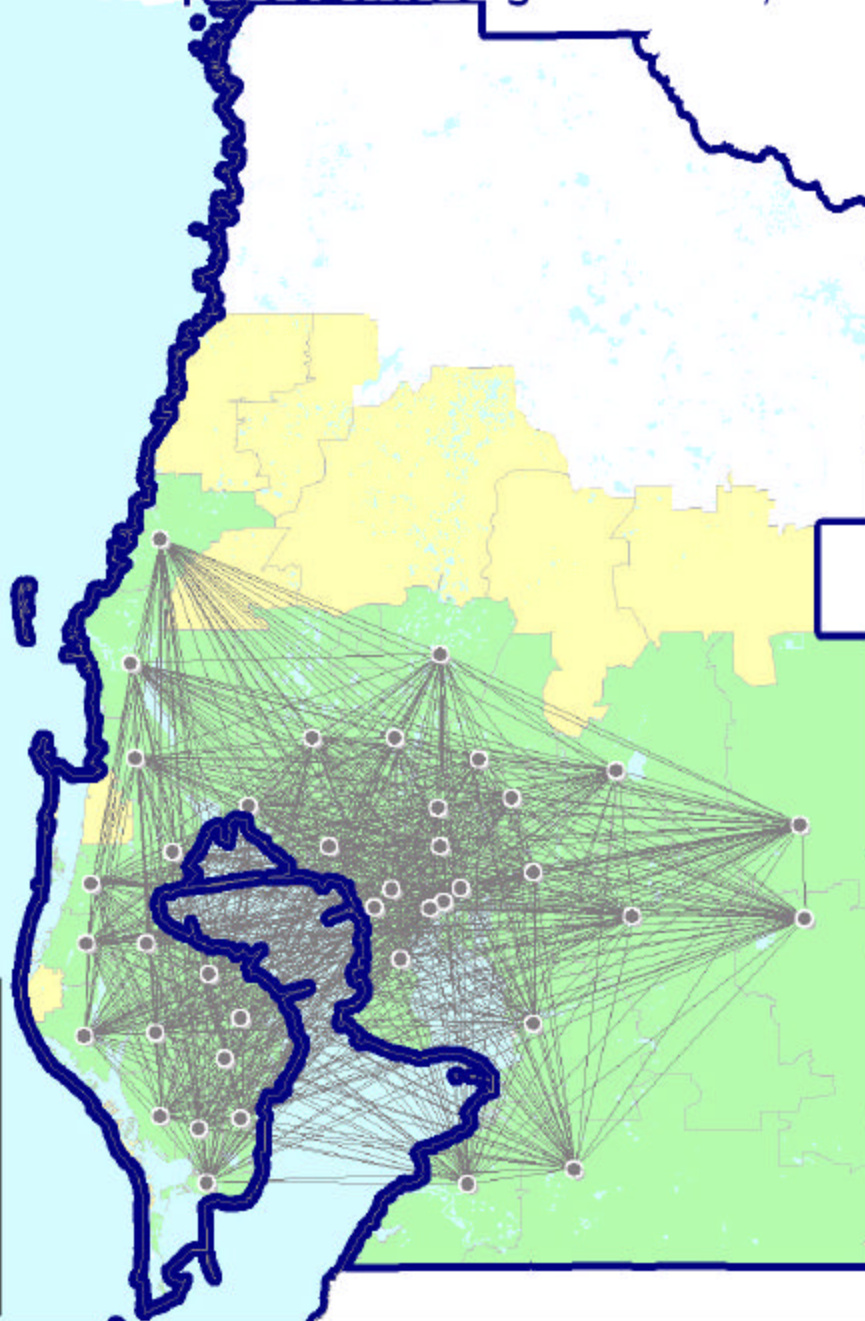
COs Served by Known CLEC Fiber

- Known CLEC Fiber Route
- 80 Percent of Special Access Demand for High Cap Services

Within MSA Boundary:

- Verizon Service Territory
- Verizon COs Served by Known CLEC Fiber
- Non-Verizon Service Territory

Tampa-St. Petersburg-Clearwater, FL



Available CLEC Transport Linkages

● COs with Known CLEC Fiber

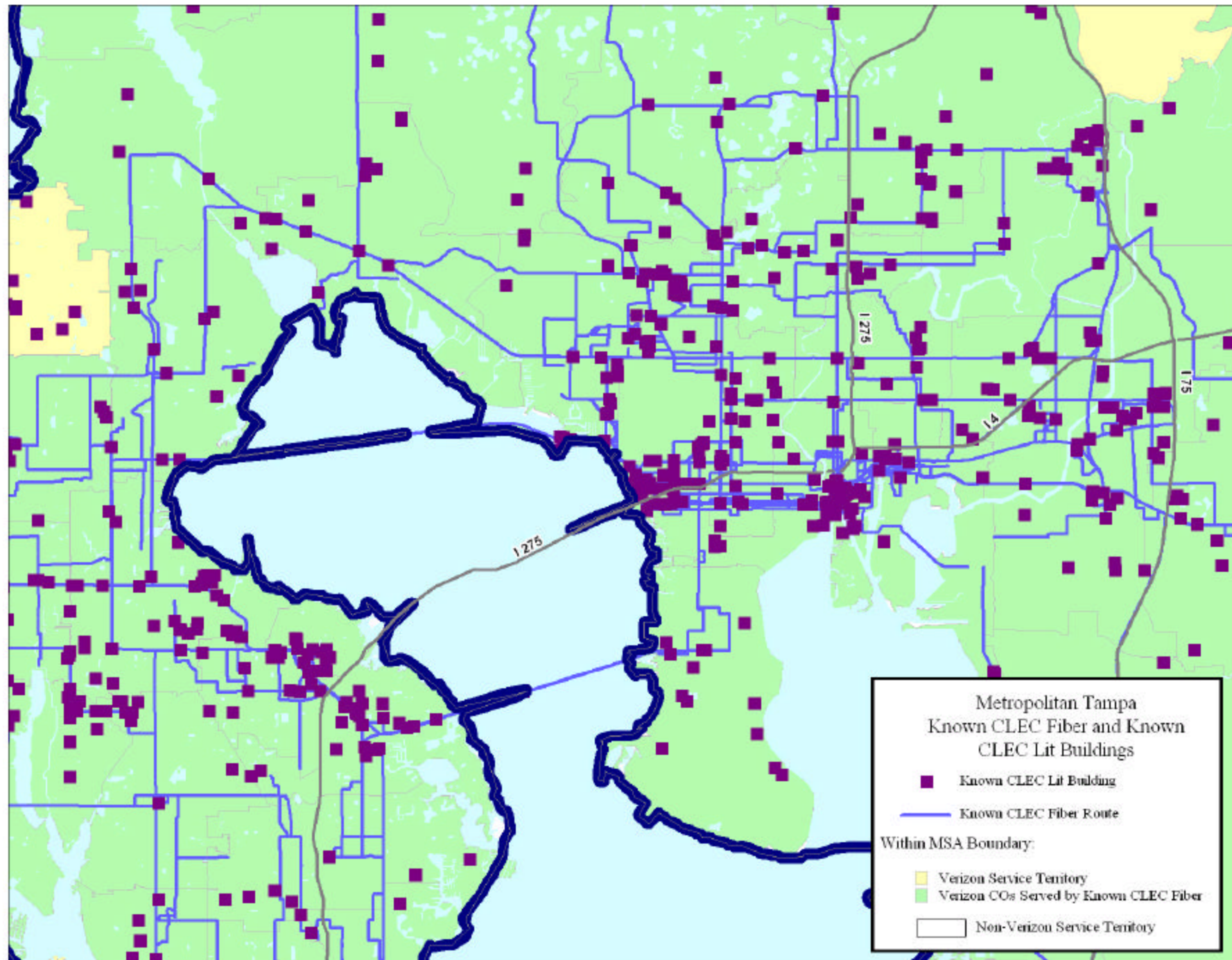
— Available Transport Link

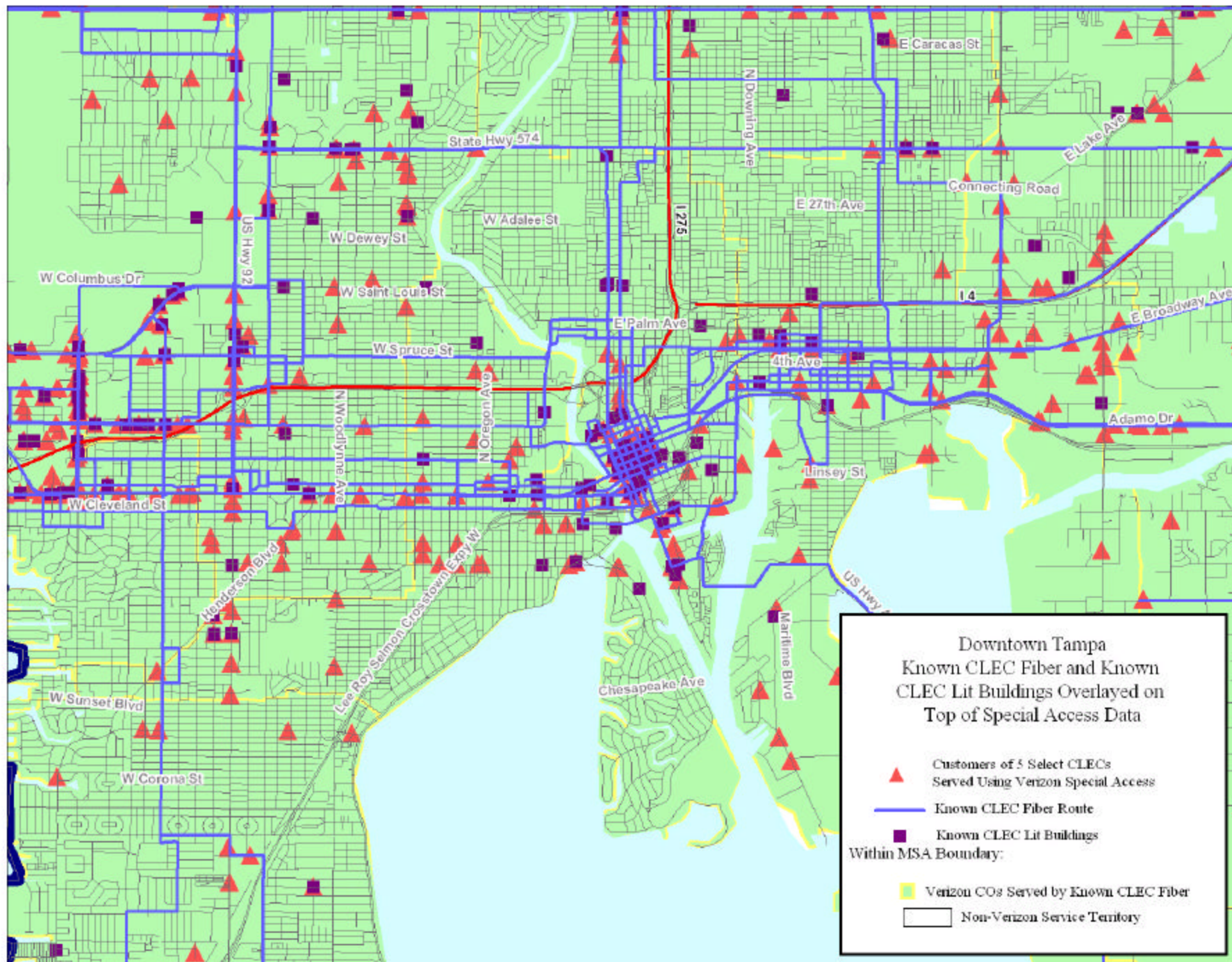
Within MSA Boundary:

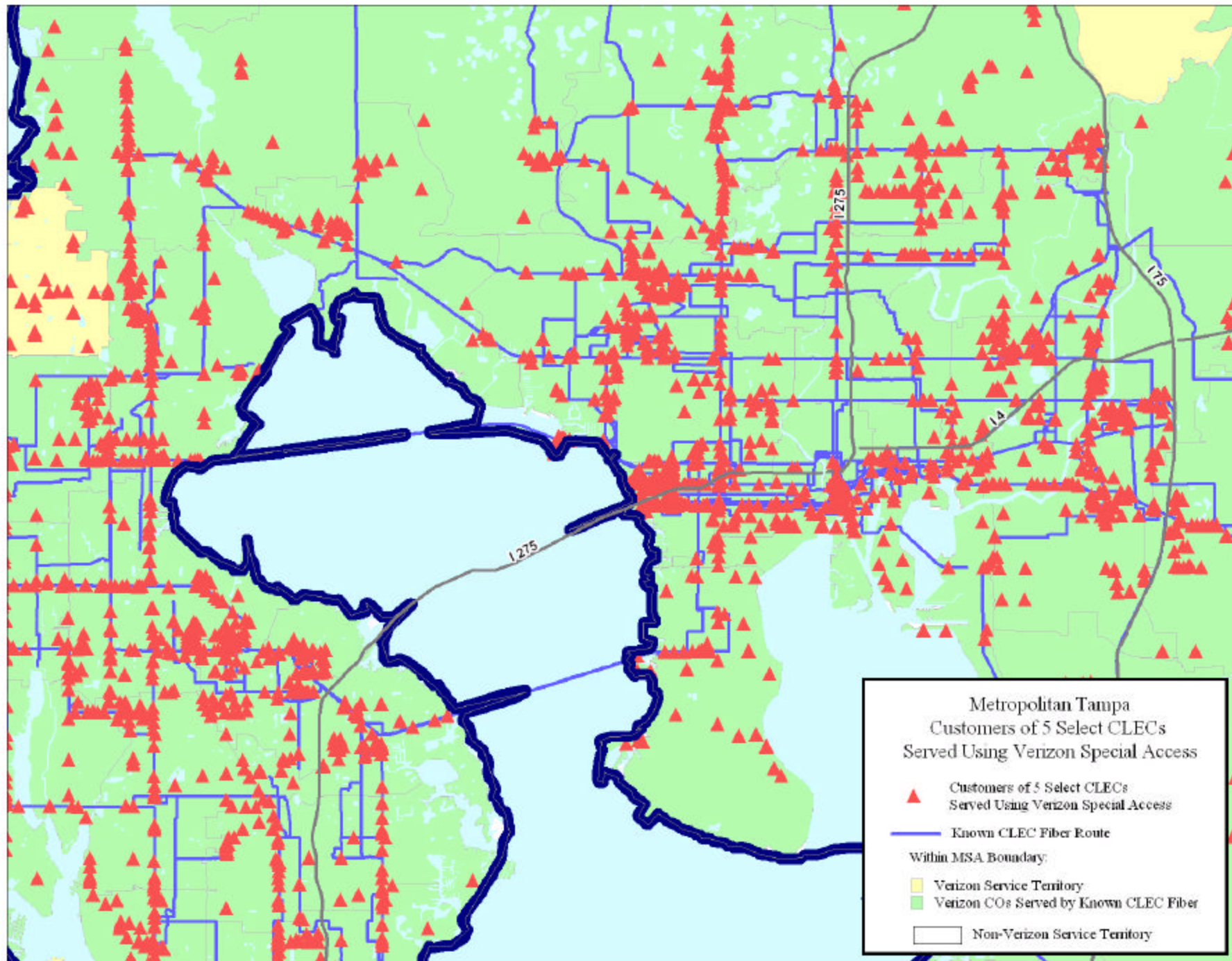
■ Verizon Service Territory

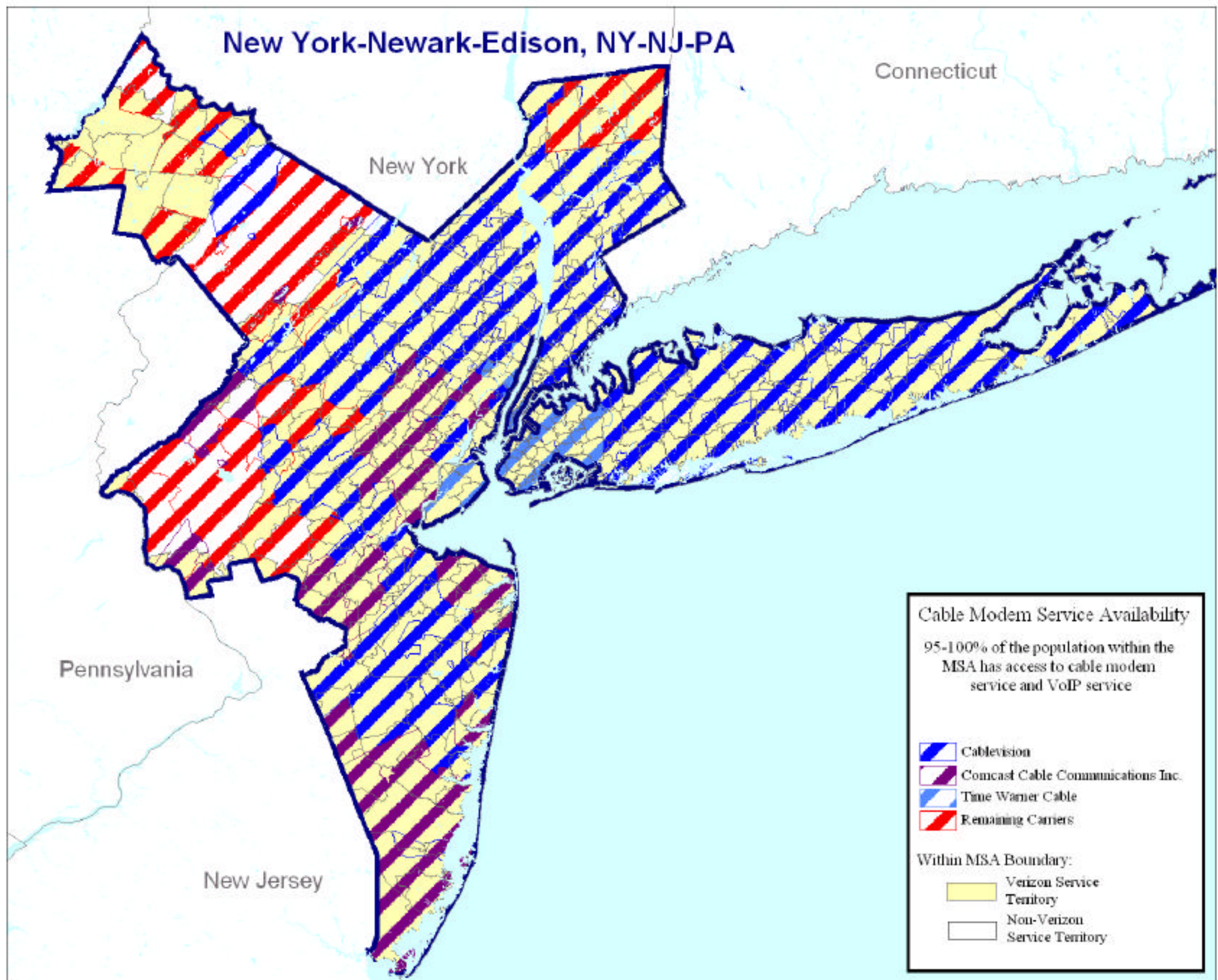
■ Verizon COs Served by Known CLEC Fiber

□ Non-Verizon Service Territory









New York-Newark-Edison, NY-NJ-PA

New York

Connecticut

Pennsylvania

New Jersey

Wireless Coverage
by Number of Carriers



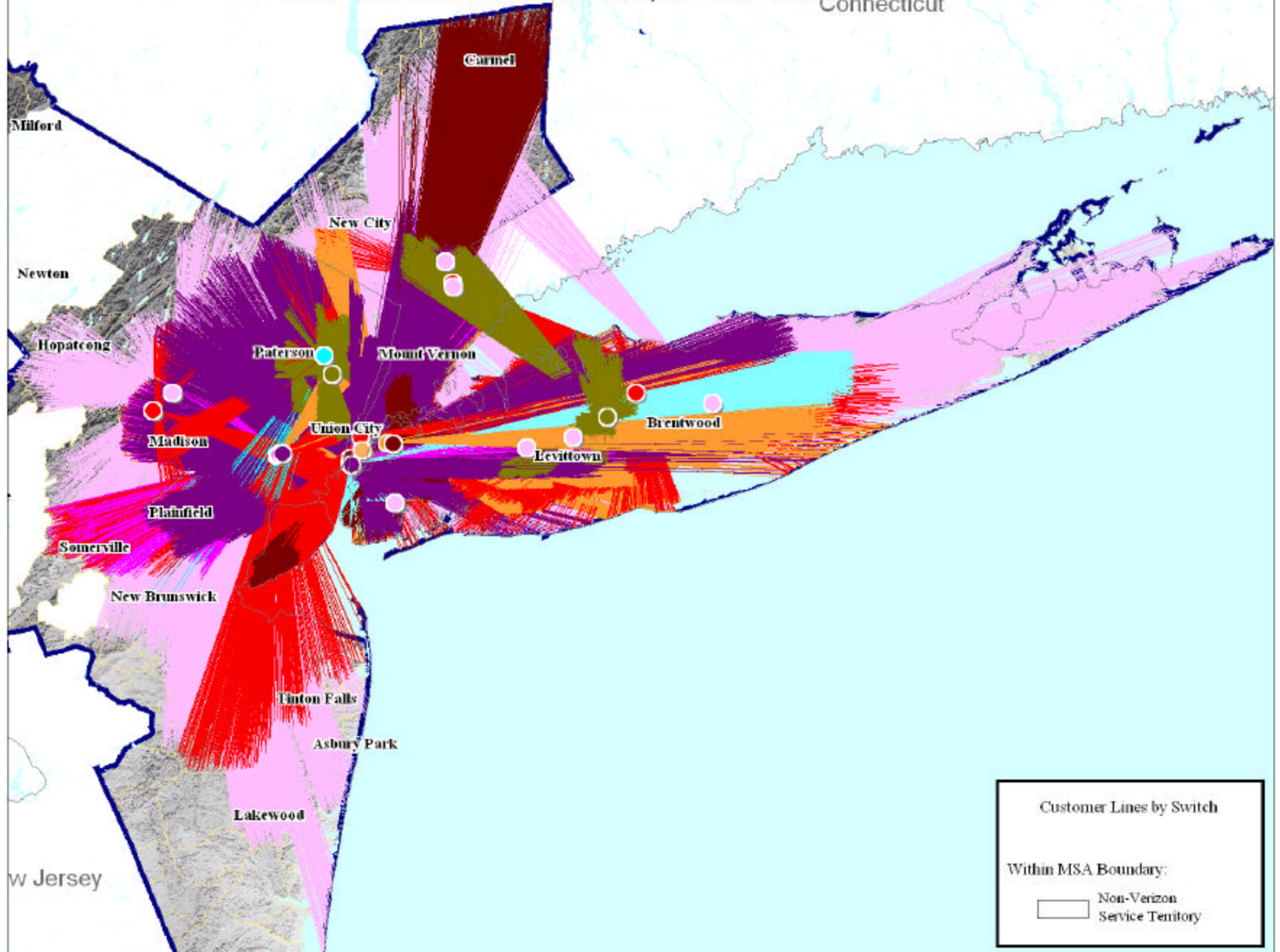
Within MSA boundary:

Non-Verizon
Service Territory

Cingular and AT&T Wireless
have been combined

New York-Newark-Edison, NY-NJ-PA

Connecticut



New York-Newark-Edison, NY-NJ-PA

Connecticut

New York

Pennsylvania

New Jersey

Coverage by Number of Competitive Carriers Determined by Switch Reach

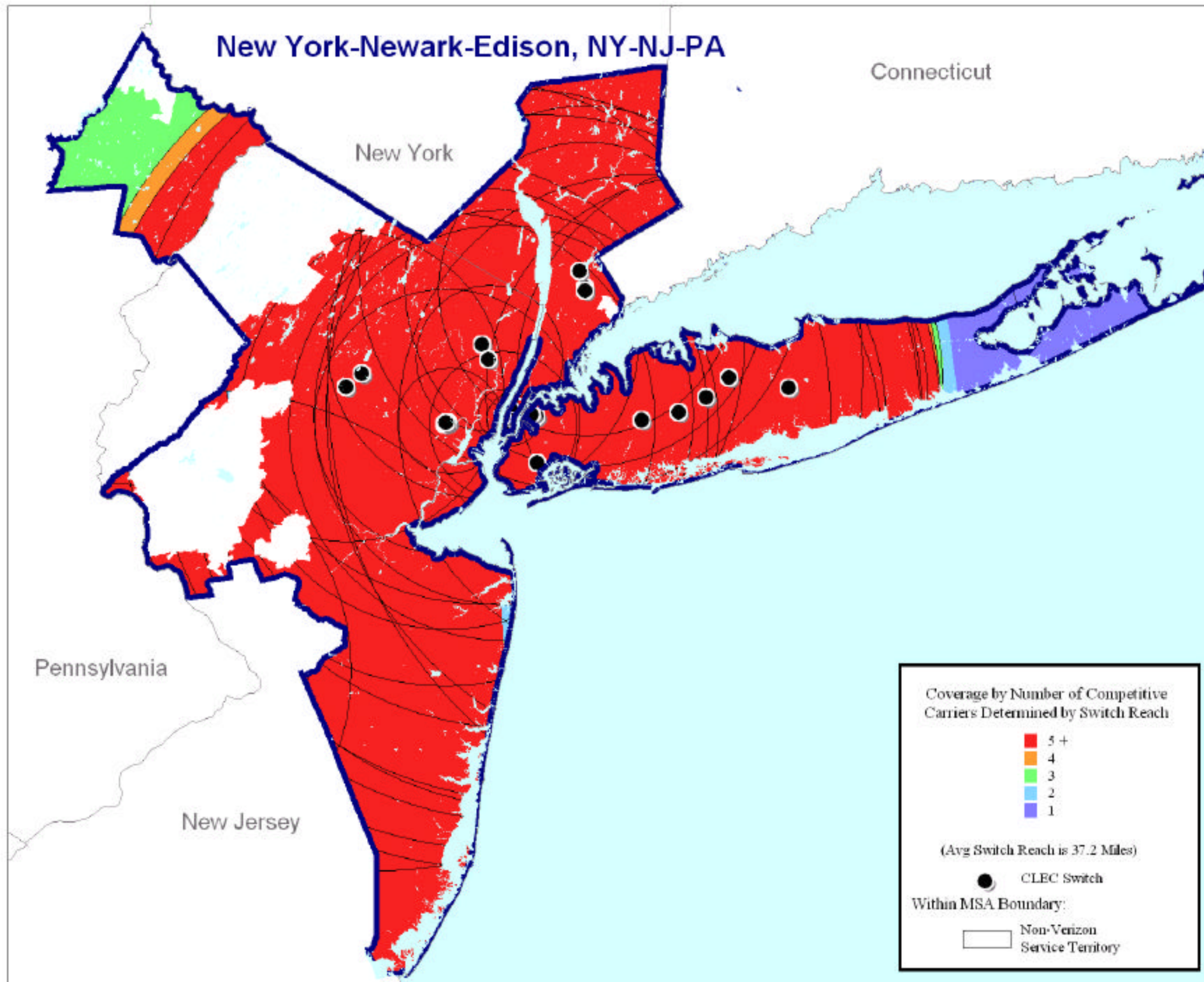


(Avg Switch Reach is 37.2 Miles)

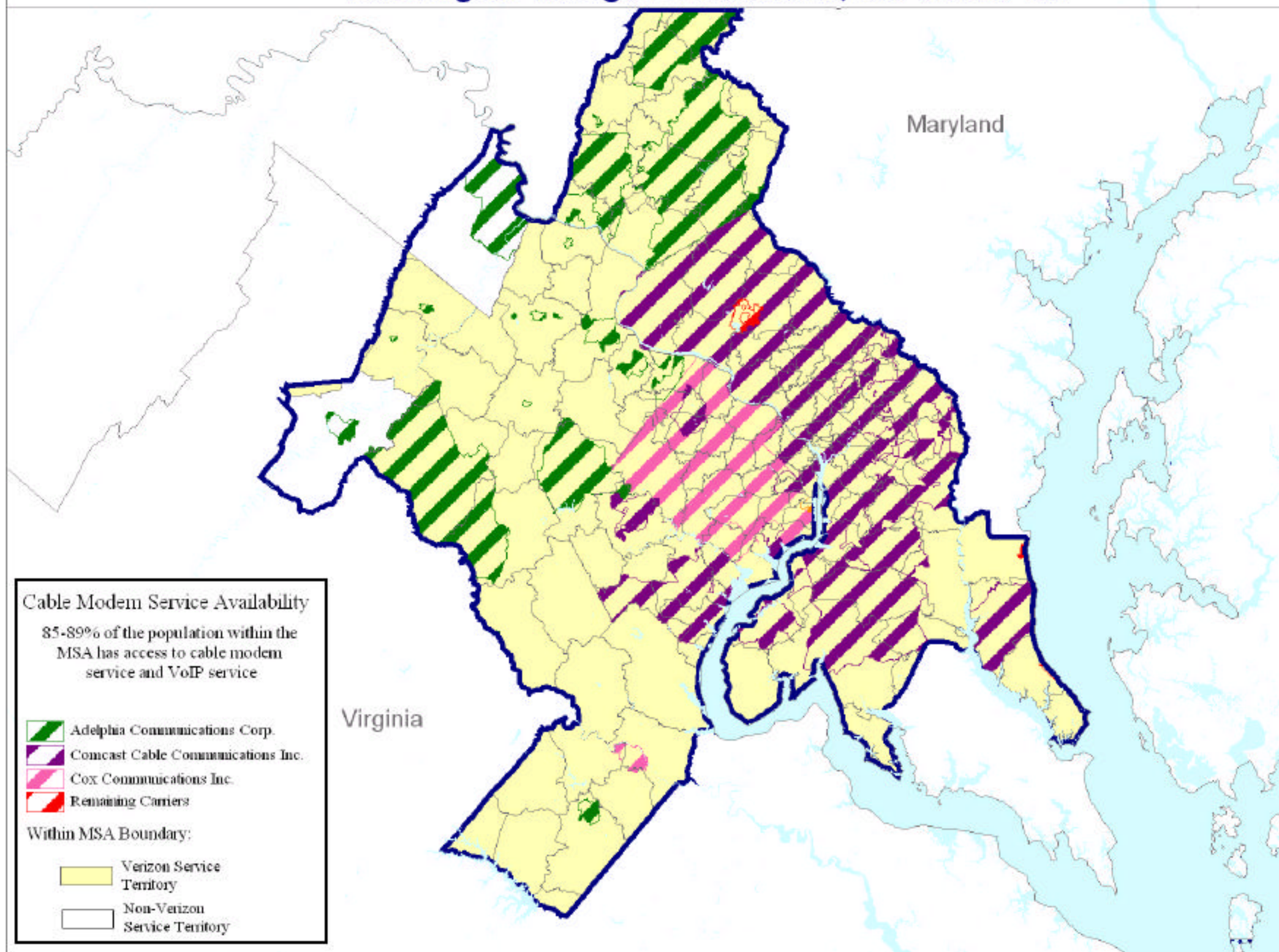
● CLEC Switch

Within MSA Boundary:

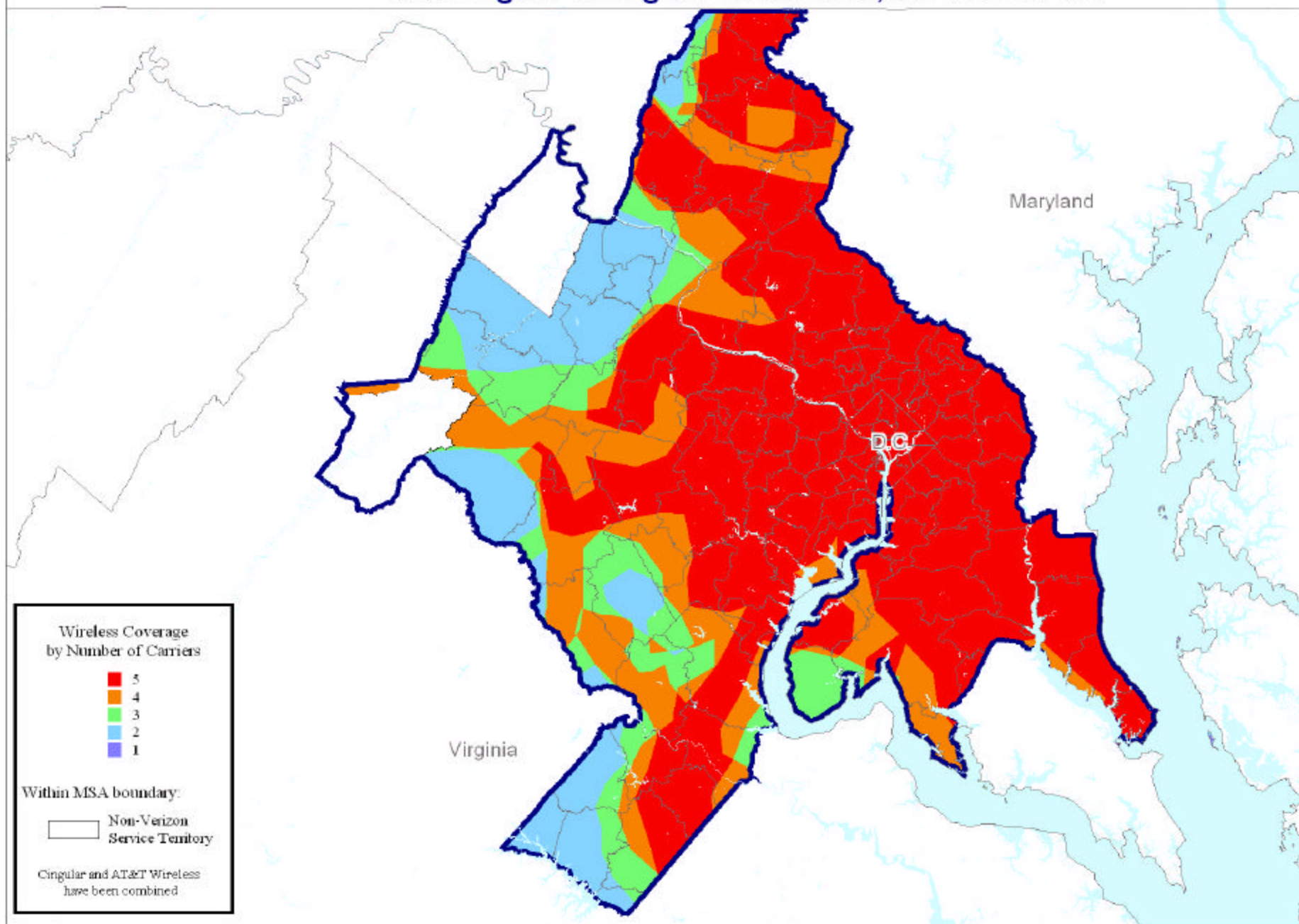
□ Non-Verizon Service Territory



Washington-Arlington-Alexandria, DC-VA-MD-WV



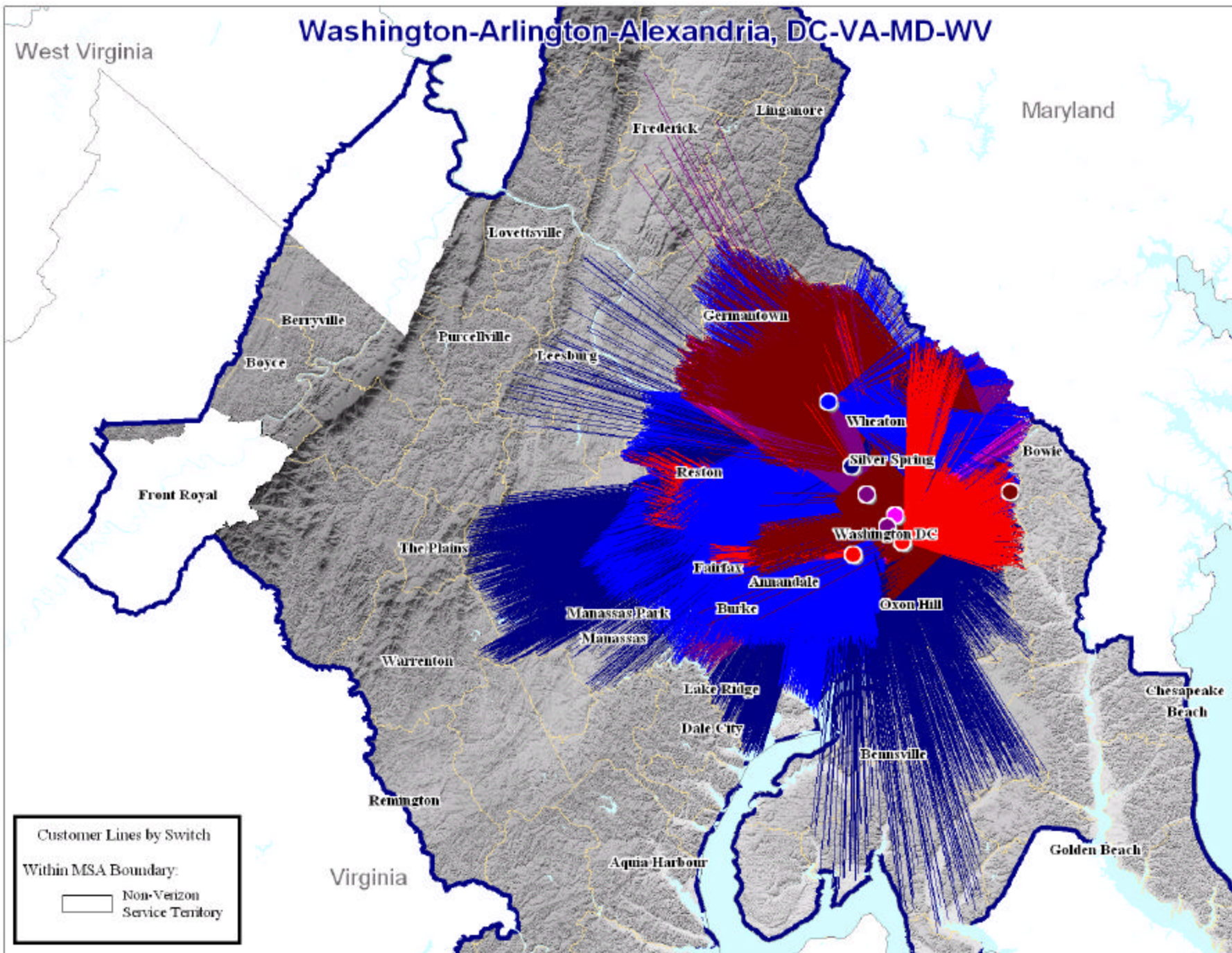
Washington-Arlington-Alexandria, DC-VA-MD-WV



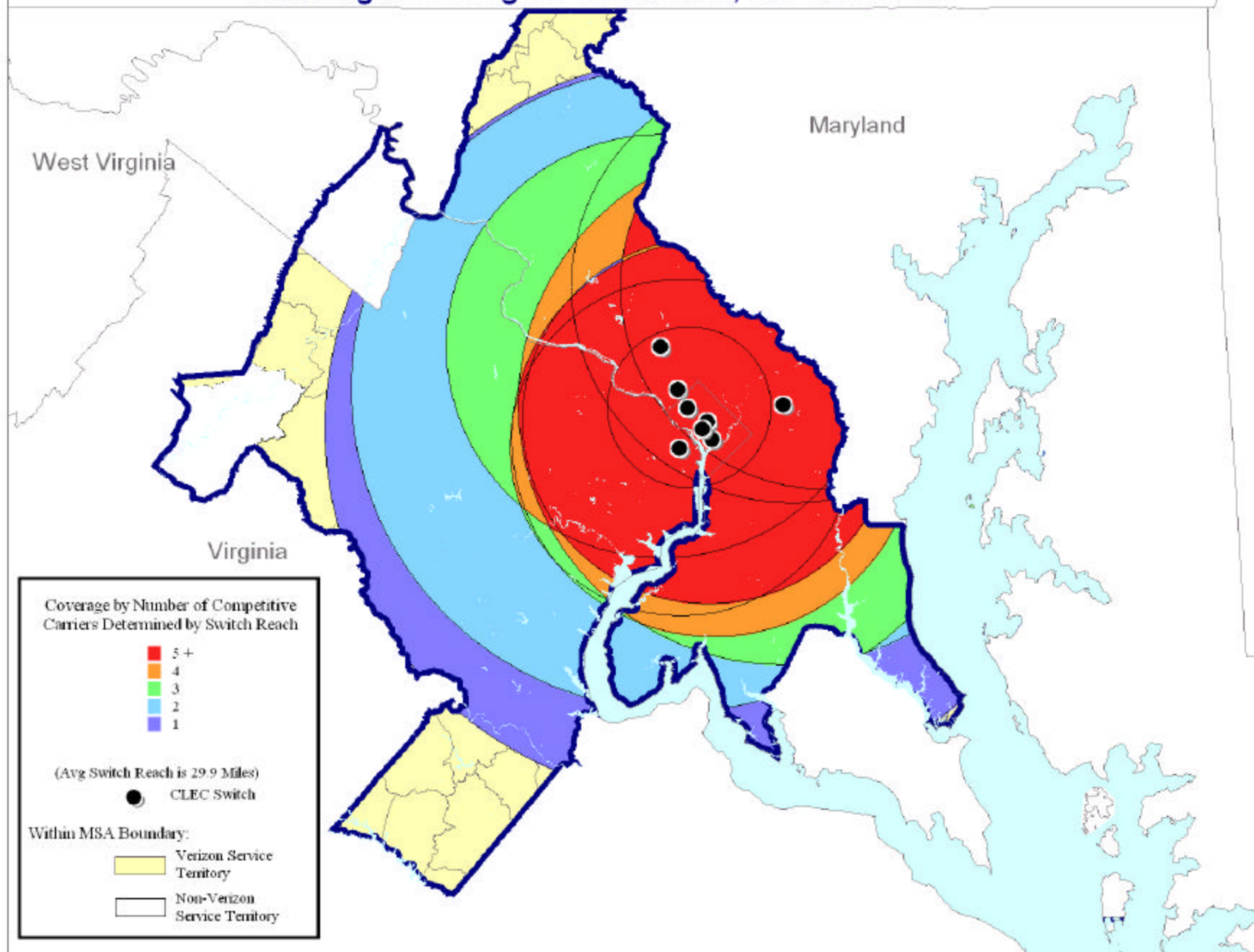
Washington-Arlington-Alexandria, DC-VA-MD-WV

West Virginia

Maryland





Washington-Arlington-Alexandria, DC-VA-MD-WV





Tampa-St. Petersburg-Clearwater, FL

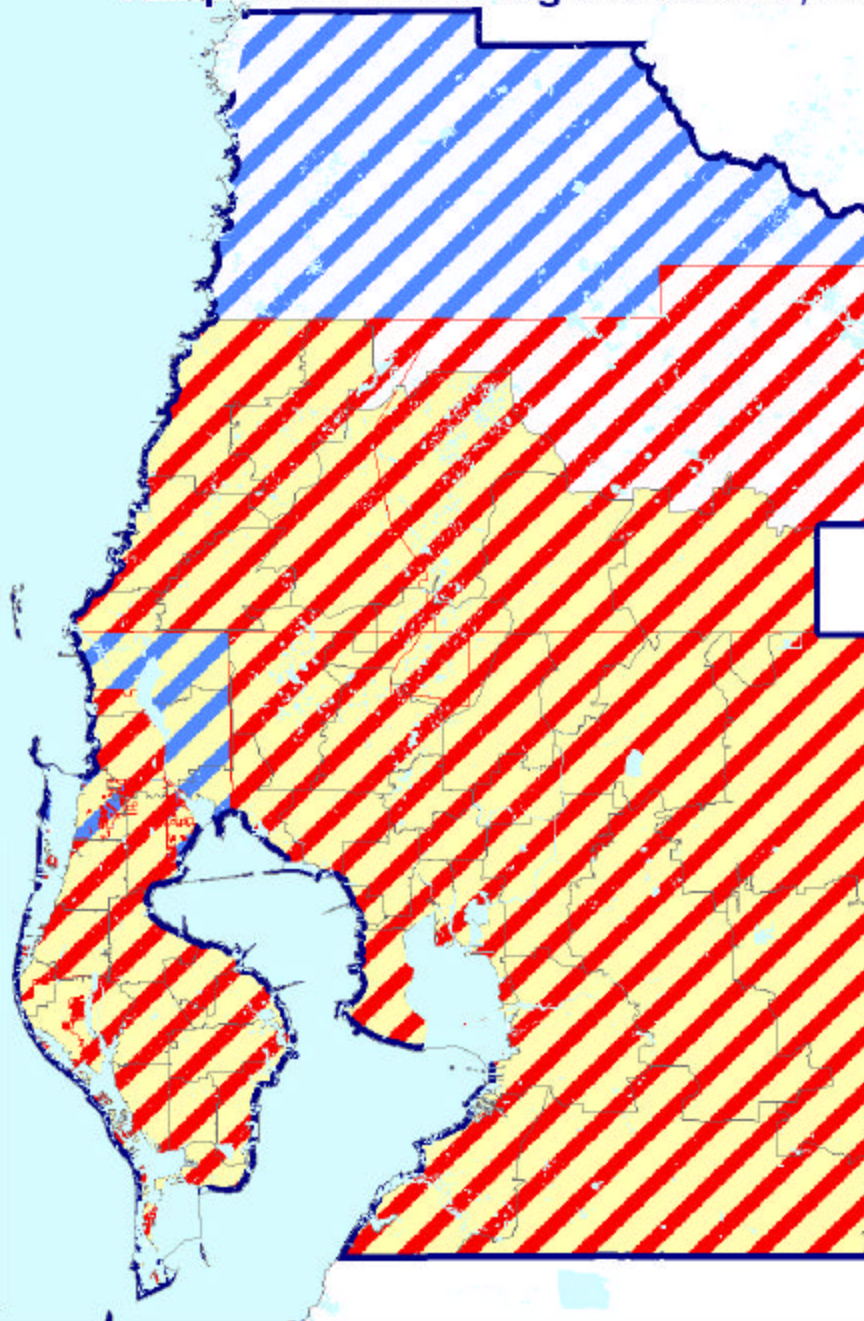
Cable Modem Service Availability

95-100% of the population within the MSA has access to cable modem service and VoIP service

-  Time Warner Cable
-  Remaining Carriers

Within MSA Boundary:

-  Verizon Service Territory
-  Non-Verizon Service Territory



Tampa-St. Petersburg-Clearwater, FL

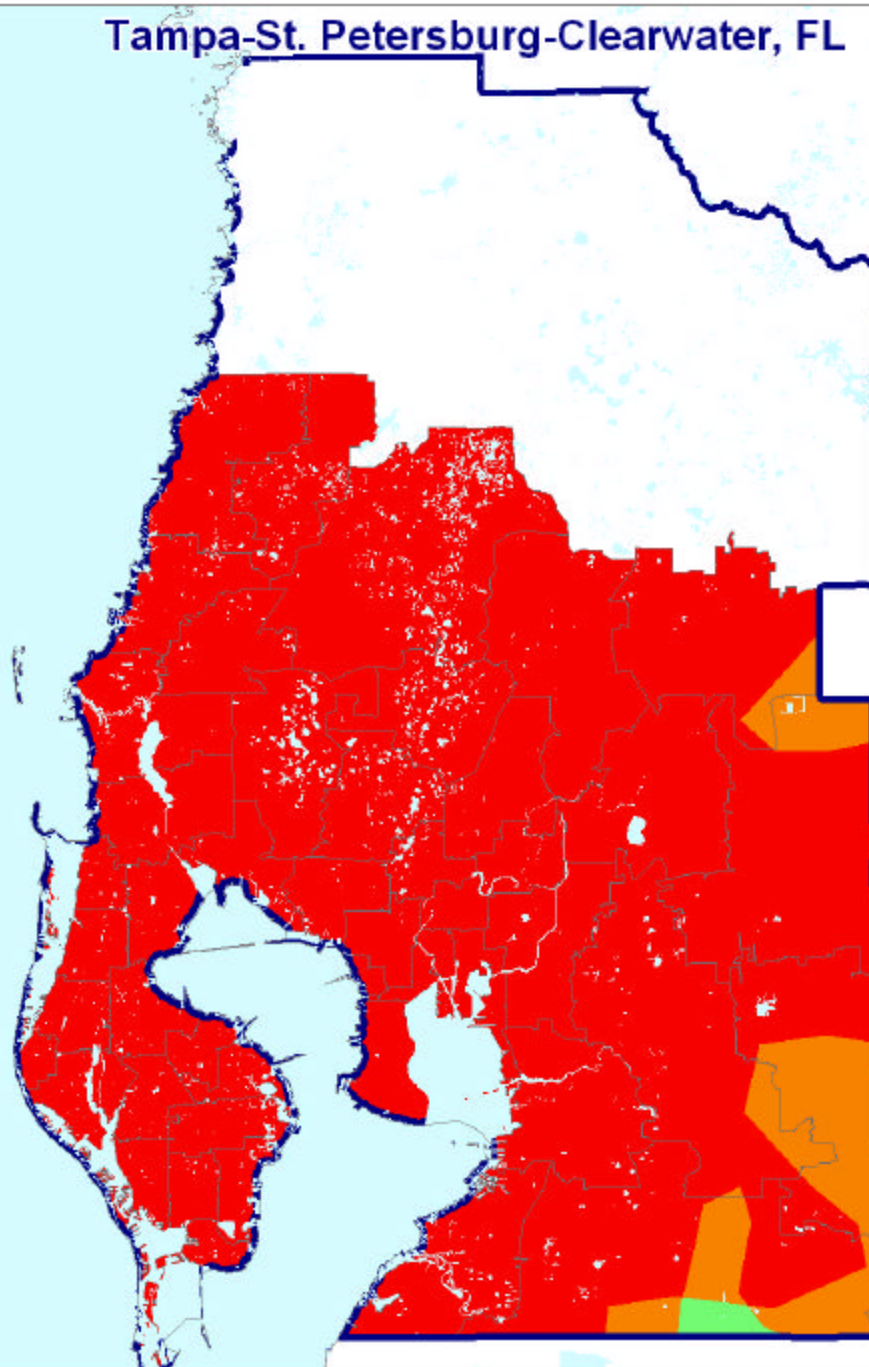
Wireless Coverage
by Number of Carriers



Within MSA boundary:



Cingular and AT&T Wireless
have been combined



Tampa-St. Petersburg-Clearwater, FL

Land O' Lakes

Holiday

Town 'n'
Country

Clearwater

Largo

Tampa

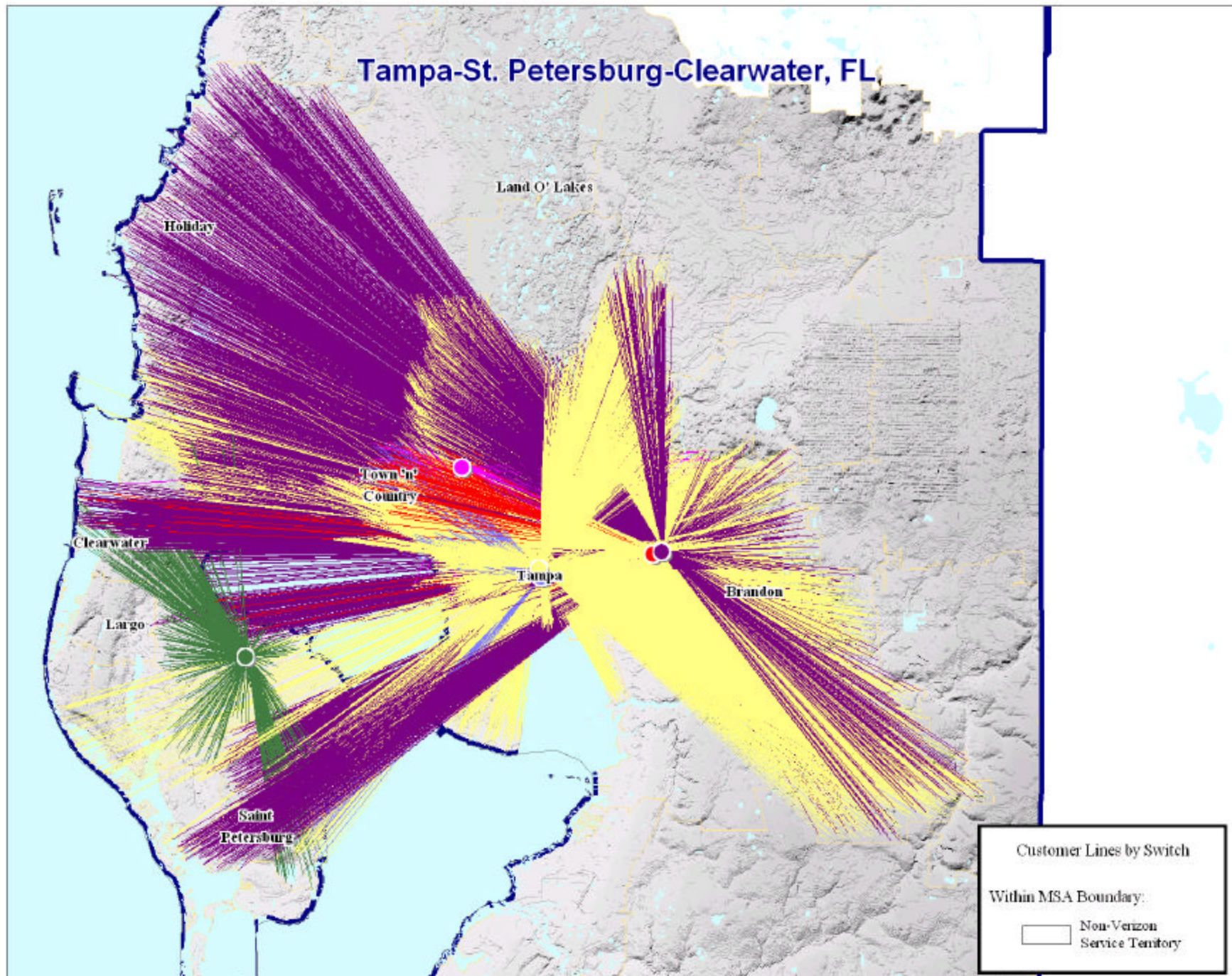
Brandon

Saint
Petersburg

Customer Lines by Switch

Within MSA Boundary:

Non-Verizon
Service Territory



Tampa-St. Petersburg-Clearwater, FL

Coverage by Number of Competitive
Carriers Determined by Switch Reach



(Avg Switch Reach is 23.4 Miles)

● CLEC Switch

Within MSA Boundary:

